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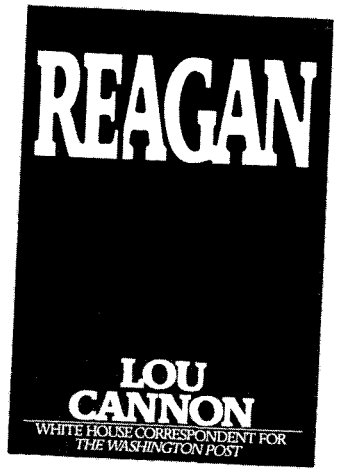

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California Journal

The Monthly Analysis of State Government and Politics

Volume XV, Number 9 September 1984

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CALIFORNIA JOURNAL is a non-partisan, non-ideological analysis of California government and politics established in 1970 and published monthly by The California Center, a non-profit, public-benefit corporation.

California Journal (ISSN 00081205) is published monthly. Subscription rates: Libraries and Government Agencies, $35; Corporations and Associations, $75; Special Individual Rate, $22. Address all inquiries to California Journal, 1714 Capitol Ave., Sacramento, California 95814. Telephone (916) 444-2840.

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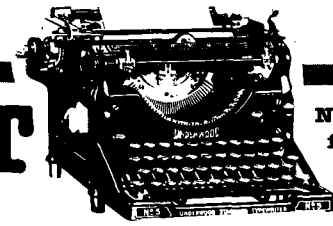
UP FRONT



Notes and Items from Contributors and the Journal Staff.

Like many a state official before him, Mike Franchetti is back at the Capitol these days to lobby for special-interest groups. Among others, Deukmejian's former finance director has been hired by opponents of an agricultural marketing-order that would require contributions from the wine industry to finance promotions for California wines. The opposition wineries include Paul Masson and Almaden, which are owned by larger firms that import wine or make distilled spirits. After learning that Franchetti had made the opposition case personally to Steve Merksamer, the governor's chief of staff, supporter Ronald Khachigian, veep of a grape-growing firm, called the governor's office to protect his side. Khachigian, a strong backer of the governor, is brother of Ken, a member of the governor's inner circle. Eventually, Franchetti lost and the Department of Food and Agriculture called for an industry vote to decide the issue. The results, announced August 16th, gave a narrow victory to the marketing order. But Franchetti, a lawyer, is still in there, saying he will challenge the results in court. The flap also put Food and Agriculture Director Clare Berryhill in a bind. As a grape grower from Ceres, he had an obvious conflict of interest. Thus, he says, he disqualified himself from the decision.

Bruce Scheidt, Sacramento

So many rumors of camps and alliances are afloat about Senate Republicans these days that you need a scorecard to keep track of the 14 members. There's (1) the conservative camp aligned with Minority Leader Jim Nielsen and H. L. Richardson. There's (2) the moderates led by the former leadership team of Bill Campbell and Ken Maddy. There's (3) the liberal camp of one — Milton Marks. There's the GOP-oriented but "independent caucus" of Ray Johnson. And now there are rumors that yet another camp may form around caucus chair John Seymour, with the scenario that Seymour dumps Nielsen as minority leader come January.

Back last spring, we identified Gerald Eaves, who knocked off Assemblyman Terry Goggin in the June primary, as a Democrat with ties to allies of state Senator H. L. Richardson, a conservative Republican (see "Primary analysis," *CJ*, April 1984). But, says an Eaves spokesman, the Rialto mayor went out of his way to distance himself from Richardson. He even returned a $1000 campaign donation from Gun Owners of California, a Richardson group that opposes gun control. Although Eaves agrees with them, he gave the money back to remove any impression that the money came from Richardson himself.

John Vasconcellos, the assemblyman from San Jose, is recovering from a multiple heart-bypass operation. The surgery, involving seven bypasses, was performed August 7th to repair arterial damage from a heart attack suffered on July 9th. The 52-year-old Democrat had returned to Sacramento for the August legislative session, but after continued chest pains, he was airlifted to Redwood City for the operation. He is expected to take several months to recover. Vasconcellos was not the only Democrat hospitalized during the July recess. Assemblyman Gray Davis, he of Beverly Hills, had surgery to correct a vision problem in his left eye but returned to work after a week.

Unlike the past two Democratic conventions, Jerry Brown was strictly low-profile in San Francisco. In the past, the former governor, himself a candidate for president, chaired the California delegation (1976) and addressed the convention (1980). This year, his visibility was confined to doing articles for the *San Francisco Chronicle* and a stint on NBC's "Summer Sunday" program. Airing opposite "60 Minutes," "Summer Sunday" barely shows up in Nielsen ratings. Also, most of Brown's comments were lost due to audio trouble, and KRON — NBC's affiliate in San Francisco — preempted the entire program.

(Steve Swatt, Sacramento)

Assemblyman Phillip Wyman, the Republican from Bakersfield, was shortchanged this year when the California Peace Officers' Association rated lawmakers for their 1983 votes on law-and-order issues (see "The Rating Game," *CJ*, June 1984). The CPOA originally gave Wyman 68 percent (13 of 19 votes in favor of its positions). But according to Alva Cooper, the group's Sacramento lobbyist, Wyman should have rated 90 percent (17 of 19 in favor).

Ruth Love, former head of the Oakland school system, has been ousted as superintendent of schools for Chicago. After a bitter July 23rd debate, the Board of Education voted 6-5 not to renew her contract which expires next March. Love, a former teacher, worked for the State Department of Education in Sacramento from 1964 to 1971, serving as chief of program development in the department's compensatory-education unit.

In Chicago, the outspoken Love had plenty of problems. Hired in 1981 by former Mayor Jane Byrne, Love was the center of controversy almost from the outset of her term. Even her paycheck caused a stir; at $120,000 per year, she was the highest-paid public official in Illinois. The articulate Love was also criticized for being uncooperative with the board and for tripling her office's media budget in order to promote herself. She may also have run afoul of no less than Mayor Harold Washington because she refused to make the school system a haven for city-hall-controlled patronage jobs — a source of power in Chicago.

But even her critics credit Love with bettering Chicago schools, as evidenced by improved test scores for elementary students during her tenure. Other accomplishments include an Adopt-a-School program where business bought equipment that schools could otherwise not afford, a back-to-basics curriculum and a strict disciplinary code for students.

When it came time to select a presidential nominee at the recent Democratic convention, Assembly Speaker Willie Brown wasn't around; he was out having dinner with George McGovern. The speaker had made it clear through the primary campaign that he preferred neither Walter Mondale, Gary Hart nor Jesse Jackson. At one point, he endorsed Ted Kennedy as an alternative. Brown later said that had he been present for the first-ballot roll call, he would have abstained.

(Steve Swatt, Sacramento)

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For reasons known best by his media staff, Governor Deukmejian held a news conference July 17th, the second day of the Democratic National Convention. Whilst the world's eye was on the great doings at San Francisco, the handful of reporters remaining at the Capitol struggled to come up with questions for the leader of the nation's largest state. "Governor," said one, "there's a general campaign to get the Capitol Park rest rooms open on the week-ends. Do you have a policy about that one way or the other?" Deukmejian replied that he wasn't aware of that controversy, but was always in favor of relief.

David Chow — whose "Brass Rail" bar across the street from the Capitol served as a hangout for politicians, lobbyists, administration officials and reporters — died July 23rd.

Carla Goodman, chief flack at the Department of Social Services, and Jack Germain, aide to Senator Ollie Speraw, are each making a move. She'll become communications director at the Department of Employment Development and he'll succeed her.

Dan Walters, the influential Capitol columnist, has left the *Sacramento Union* and is doing business now at *The Sacramento Bee*. Reportedly, *The Bee* — flagship of the McClatchy newwspaper chain — went after Walters not only because he's good but because his departure would cost its smaller competitor a measurable circulation loss. (*The Bee* seems much more aggressive of late.) Walters had been unhappy at the *Union* for some time, largely because he was passed over for the managing editor's job. His column is successful because he works hard at keeping up with what's going on and because he's got an eye for the little struggles in legislative backwaters that mark the effort of some special interest to win some new advantage under the law.

James Garibaldi, elder statesman of the Capitol lobbying corps, is glad to see that most of his colleagues are out of the closet now and into the Institute of Governmental Advocates. Garibaldi and a few other lobbyists formed the IGA 10 years ago to protect themselves from what looked like an anti-lobbyist enforcement of California's Political Reform Act of 1974. Among other things, they filed a successful lawsuit to nullify a section of the act designed to keep lobbyists from telling their employers which legislators should be given campaign contributions. Garibaldi says that so many lobbyists were afraid of offending newly-elected Governor Jerry Brown and other political reformers that they refused to join the IGA. The organization, which had only about 20 members then, now numbers nearly 200 and its roll is a "who's who" of Capitol lobbydom. At a recent meeting, members heard a panel of experts describe the likely impact of Proposition 40 — the political-finance-reform measure on the November ballot.

Who better to grace the cover of *PC World*, a monthly magazine about IBM computers, than Dianne Feinstein, San

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Francisco's example of buttoned-down rationality?

San Diego seems to have risen above its "backwater" status so far as politics is concerned. No less a pro than Lieutenant Governor Leo McCarthy has been visiting almost fortnightly since becoming the state's Number Two constitutional officer. When asked recently in San Diego why he had been there so often, the ambitious Leo replied: "Two million people."

(Joe Lipper, San Diego)

Last June, we (with an assist from the California League of Cities) identified Rusty Hammer — elected to the Campbell City Council some ten years ago at age 19 — as the youngest elected official in the state's history. Now comes word that two 18-year-olds won seats on different Los Angeles County school boards in 1977: Jay Gendreau (Bellflower) and Ron Ballard (Charter Oak). Which was youngest? Gendreau says that would require some serious digging into birth records because both were born on the same day: April 16, 1958.

Senator Al Alquist expects to receive 50 tickets to the 1985 Super Bowl at Stanford and plans to use them as he did the 50 he received to the All-Star Game last July: to raise money. For $2000 per, you got a tailgate party at Candlestick Park, the baseball game and dinner later at the Blue Fox — one of San Francisco's better-known restaurants. For those who missed the special event but still wanted to do something for the senator, there was a cocktail party August 27th at $1000 per ticket. Alquist, of course, is chairman of the Senate Finance Committee

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Last month, we presented several sample questions from the state's new eighth-grade achievement test (see "Achievement testing in public schools," *CJ*, August 1984). Unfortunately, we flunked — of all things — the reading-skills question. Asked which of four words best described the mood of a paragraph about a soldier and his horse, we listed the correct answer as "a: nervousness." It should have read "c: contentment." Our apologies to sharp-eyed readers like Wendy Lascher of Ventura who spent a long time trying to figure out why the answer was "nervousness."

"There's no reason why a woman shouldn't be in the White House as president, if she wants to be. But she'll be sorry when she gets there."

— Harry Truman

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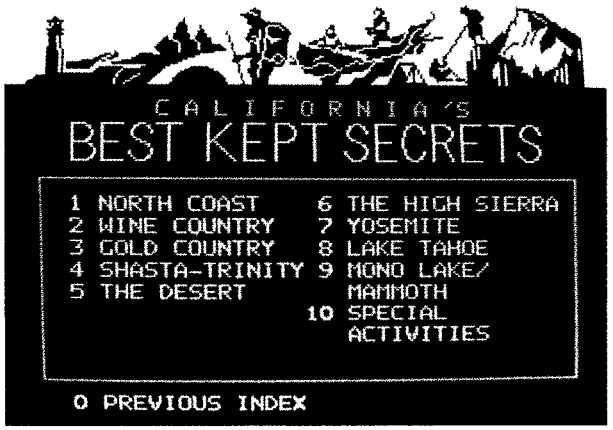

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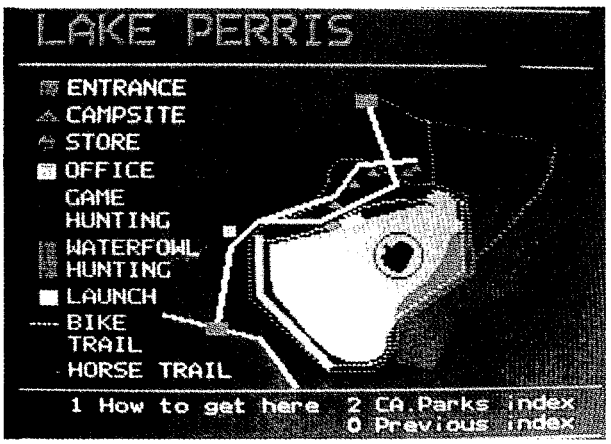

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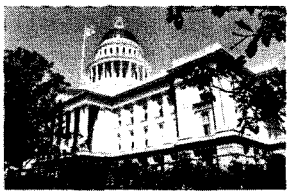

Capitol review

If California gets any sort of water development program within the next few years, don't expect it to be the handiwork of Governor George Deukmejian. If there's a program at all, it's likely to result from an act of God or from an act of Senator Ruben Ayala, Democrat of San Bernardino. God, of course, hath not vouchsafed His plans; Ayala has, but results are not assured.

In other words, nobody at the Capitol expects much now that Deukmejian's water-development proposals have been laid to rest. On August 8th the governor told a news conference that he'd done all he could and it's up to his opponents in the Legislature to come up with a plan.

That's where Ayala comes in. Not an opponent, he carried the governor's key water bill this year. But as chairman of the Senate Committee on Agriculture and Water Resources, he's been trying to enact a major water-development program since 1977 and sees no reason to stop now. Believing that men and women of good will can work out an environmentally safe way to bring more north-state water to the San Joaquin Valley and Southern California, he'll be holding meetings and proposing new legislation early next year.

The problem he sees is that Southern Californians have been too complacent and have not clamored loudly enough for the kind of compromise he thinks is possible. Will Southern Californians bestir themselves? He cannot say.

Aware of Ayala's difficulties, others believe that water development may require an act of God, or more specifically, a drought. Reportedly, San Joaquin agribusiness interests have been thinking along these lines, believing that a water scarcity of the kind California had in 1976 and 1977 would allow them to mount a successful initiative campaign for an expanded north-south delivery system.

But they are also aware that a drought may not be here for a while. According to water experts, there's no way to tell when another set of dry years may come, but the last we had before '76 and '77 was back in the 1920's. Meanwhile, California reservoirs are full and the water table is up.

These developments are surprising when one recalls that Deukmejian's ambitious water program seemed to have such excellent prospects when he laid it out last spring. Opposed largely by Northern Californians (as any water plan is likely to be) and environmentalists, it nevertheless seemed to have sufficient support from Southern California and San Joaquin Valley agribusiness.

Some contend that Deukmejian torpedoed himself by saying in early April that if the Legislature balked at his "through delta" facility, he might use his legal authority to build it himself. His words generated a mass of criticism that no doubt helped the opposition. But the governor quickly backed away from that statement and to this day refuses even to discuss it.

No, his big loss occurred June 28th when Senate President pro Tem David Roberti and seven other Southern California Democrats — who might ordinarily have been counted on to support a water plan — broke ranks on Deukmejian's requirement that there be no referendum on the bill. Voting with Northerners, they stripped an "urgency clause" from the legislation, thus permitting a referendum to occur. (The bill itself then passed and went to the Assembly.)

Although a referendum is a public vote, it was not the vote but the timing that Deukmejian disliked. He was willing to go before voters this November. But a referendum meant no vote (barring a special election) until June of 1986, the year in which he will be seeking reelection. The governor denied that he feared running more or less simultaneously with his controversial plan. He said he opposed the referendum because it would have kept the divisive water squabble going for another two years. Better to have a vote this November — up or down.

Not surprisingly, not everyone accepted that explanation as the full measure of truth. Given Northern California's intense opposition to water transfers, no one could champion a water plan in the North and not lose votes. True, Deukmejian's likely Democratic opponent in 1986 will be Los Angeles Mayor Tom Bradley, who, like Deukmejian, supported the Peripheral Canal in 1982 and could not easily make an election issue in 1986 of Deukmejian's effort to bring more water south. However, Bradley undoubtedly could distance himself enough from Deukmejian on the issue to win a few points.

In any case, when the Legislature returned from its summer recess August 6th, and it became apparent that Roberti and company would not give in, Deukmejian realized that the battle was lost. At his news conference August 8th, he said that if lawmakers sent him his own water bill, but it was subject to a referendum, he would veto the measure. Seeing no need to force their members into a recorded vote on this controversial issue, Democratic leaders in the Assembly killed the bill.

For their part, Roberti and his supporters gave various explanations for what they did, starting with Roberti's assertion that it was simply a matter of fairness. If there were no delay before an election, opponents of the governor's water plan would have no chance to mount an effective campaign. Thus, the November vote that the governor wanted was unfair to them.

Others, like Los Angeles Democrats Herschel Rosenthal and Art Torres, said they had reservations about the water plan itself and wondered whether Southern Californians would have been paying a fair price for the

Continued on page 362

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Double trouble for the Democrats

By ROBERT FAIRBANKS

It isn't mentioned in the ballot arguments, but the Democratic Party in California is facing a threat like none before. If Propositions 39 and 40 are approved by voters in November, the party and its liberal policies will go into an eclipse that could last a decade or more. Party leaders are well aware of the threat and plan to raise at least $4 million to fight it. Also, they are pressing the Mondale-Ferraro forces to wage a battle in California and not concede the state to President Reagan. California Democrats want a spirited presidential campaign not only because it may help defeat Reagan but because it may generate the big Democratic turnout they need to help themselves.

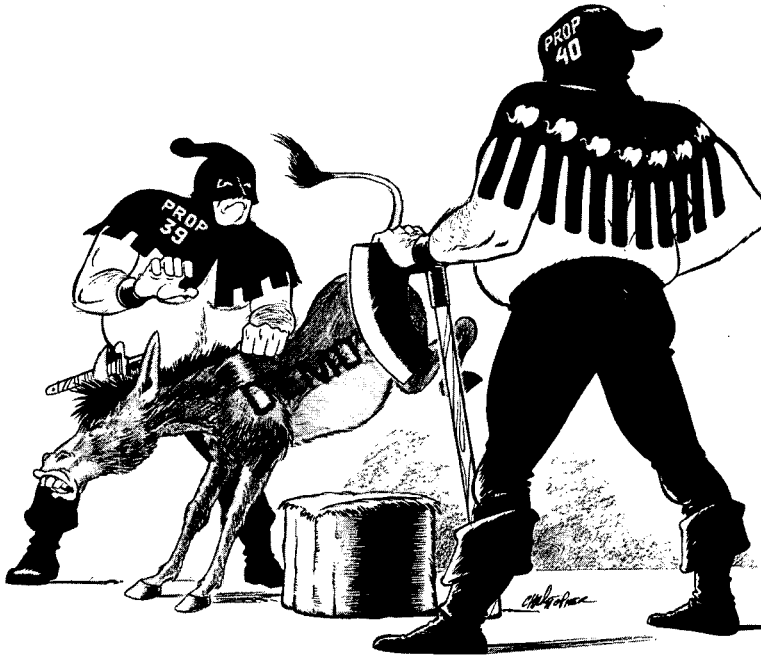
Proposition 39 would have a panel of retired judges reapportion the state's congressional and legislative districts in time for the 1986 elections. Proposition 40 would prohibit unions and corporations from making campaign contributions and would radically restrict amounts that individuals may give.

The first would undo the Democratic reapportionment of 1982 that protected and enhanced Democratic majorities in the Legislature and the state's congressional delegation. The second, which is the more potentially devastating of the two, would cut off the party's main source of funds. If both pass, it is possible that Democrats will go into the 1986 elections with nary a safe seat in sight and with little or no money for campaigns. Barring some spontaneous public yearning to elect Democrats, the result would be a loss of power and influence that would continue until the party could develop new grass roots organizations and sources of funds.

Essentially, Proposition 39 is a continuation of Republican efforts to erase what they regard as excessively partisan reapportionments done by the Legislature's Democratic majority in 1981 and 1982. The GOP knocked out the 1981 reapportionment with a referendum but couldn't convince voters later to install a citizens' commission to take over the job. Thus, Democrats reapportioned the state's legislative and congressional districts again in 1982.

Republican Assemblyman Don Sebastiani tried to put a new redistricting plan on the ballot for this year, but the state Supreme Court disqualified it. Now it's Governor George Deukmejian's turn. His Proposition 39, which qualified for the ballot through the initiative process, would take reapportionment from the Legislature and give it to a panel of eight retired appellate justices, half of whom were appointed to the court by Republican governors, half by Democratic. After completing its plan for 1986, the panel would not meet again until after the next census in 1990.

Steve Merksamer, Deukmejian's chief of staff, says the governor wants only to assure that the next and future reapportionments are fair. Fine. But whatever the motives, the initial go-round is more likely to hurt Democrats than the GOP.



To create the maximum number of seats for themselves, Democrats two years ago lumped as many Republican voters as possible into as few districts as possible. Consequently, virtually any change in the current lines would spread the Republican vote around. Presumably, districts would become more competitive and Republicans would pick up seats. Whether Democrats would lose their majorities in the Legislature or the state's congressional delegation is impossible to say, but the stakes are high.

The majority

Being the Legislature's majority party is enormously important not only because of the obvious — control over bills — but also because the majority party controls the legislative apparatus as well. With a staff of more than 2000 and a budget topping $100 million a year, the California Legislature often functions like a big campaign organization, supplying members with phone service, cars, issue papers, campaign aides and other things needed to get re-elected every two or four years.

(The Gann initiative, which voters approved last June and which remains in legal limbo, wouldn't necessarily change things. It would simply assure that the minority party got its proportionate share.)

Concerning any new congressional reapportionment, Los Angeles Congressman Henry Waxman, a top Democratic strategist, is rousing the troops with predictions that Democrats could lose anywhere from 11 to 15 seats in California's 45-member House delegation. Such a change would reverse, at least, the party's current 28-17 delegation control.

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Furthermore, says Waxman, the loss of so many seats could give control of the entire House back to the Dixiecrats and Republicans who dominated when Ronald Reagan was elected in 1980. "If Reagan is re-elected," Waxman says, "he would have the same control as he had when he got through his initial budget cuts."

Waxman is not deterred by recollections that the courts reapportioned California's congressional and legislative districts back in the 1970's, and that Democrats emerged with gains. The state Supreme Court did the job in 1973 after then-Governor Reagan and the Legislature's Democratic majority failed to agree on a reapportionment plan. In the 1974 elections, Democrats picked up four seats in Congress, three in the state Senate and six in the Assembly.

Waxman says the 1974 victories were a fluke. "Democrats were riding high because of Watergate," he says. Also, he says that the 1973 Court reapportionment was "fair." However, he says he doesn't expect the same treatment from Deukmejian's panel of retired judges. They will be white men in their 70's, he explains, who will probably head to a Republican-oriented think tank for help with their work.

John Meyers, executive director of the California Republican Party, has an opposite view about what happened in 1974. He says Democrats made gains because the Court reapportionment was biased against Republicans, and he doubts that Watergate had much to do with it.

But, like Waxman, he looks forward to GOP gains if Deukmejian's reapportionment measure becomes law. In the Assembly, for instance, he believes the GOP might capture a percentage of seats equal to its percentage of popular vote for the Assembly. Last time, he says, Republican candidates got 48 percent of the vote, a number that translates into 38 of the Assembly's 80 seats. Under current district boundaries, they have but 32.

Prop 40

But as mentioned above, despite the harm that might be done to Democrats by reapportionment, several observers see Proposition 40 doing even more. "This is the ultimate challenge to progressive politics in this state," says Los Angeles Congressman Howard Berman, Waxman's political partner and also a key Democratic strategist. Why? "It strips progressives of their traditional sources of financing," he replies.

Proposition 40 is the handiwork of Assemblyman Ross Johnson of La Habra, a maverick Republican who sponsored his own initiative campaigns to put this measure and another on the November ballot. (The other is Proposition 41. It would require a massive cut in state welfare benefits unless the Legislature voted by a two-thirds majority not to.)

Johnson contends that his measure is non-partisan and is designed only to reduce the enormous amounts of special-interest money that flow into legislative and statewide elections. "You have a right as a citizen to expect that your elected representatives will serve you and not some powerful special interest that supplies huge amounts of campaign cash," he declares.

However, as Berman indicates, the fact is that state-level Democrats get much of their money from large labor unions, corporate contributors and wealthy individuals and that Proposition 40 would shut off that supply. And as everyone knows, money is the mother's milk of politics. Without it, Democrats would wither and die.

Republicans also get money from fat-cat contributors and also would be hurt by Johnson's initiative. However, they would not be hurt as much. This is the case because Democrats raise most of their large contributions through control of the Legislature. Able to decide which special-interest legislation is allowed to pass, they are far more able to tap those special intersts than is the Republican minority.

GOP money

Thus, because of necessity if nothing else, the GOP has turned to another funding source. Over the years, the Republican Party organization has built an effective direct-mail operation that goes after individuals for relatively small amounts. According to Meyers, the party will raise about $10 million total for this year's elections, with an average donation of $22.

The Democratic Party is also trying to raise money through small contributions. However, not driven by necessity, the campaign has not gone very far. Mike Gordon, Meyer's counterpart in the Democratic Party, says the party expects to raise about $4 million for the elections this year. By way of contrast, Assembly Speaker Willie Brown, using his legislative clout, alone raised almost that much for the elections of 1982.

Currently, there are no limits in state races that say who can give how much to whom. The only requirements — established by the Political Reform Act of 1974 — are that donors, recipients and amounts be publicly disclosed. Proposition 40 would amend the 1974 law to add contribution limits.

Essentially, the measure would allow campaign contri-

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butions to be made only by individuals and only in relatively small amounts — no more than $1000 to any candidate per fiscal year. Labor unions, corporations, partnerships, etc. — to whom $5000 is often a peanuts contribution — would be barred from giving funds. Furthermore, no individual could make more than $10,000 worth of overall political contributions in any fiscal year.

Individuals also could contribute to Political Action Committees (PACs), which are organizations formed to promote a special-interest cause and today are often supported by large corporate or union donors. Under Proposition 40, PACs could receive contributions only from individuals and only up to $250 per person each year. On the outgo side, PACs could continue making campaign contributions, but no more than $1000 per candidate annually.

Wealthy Candidates

Political parties would come under the same rules; that is, taking no more than $250 per fiscal year from an individual and giving no more than $1000 annually to a candidate. However, parties could spend as much as they liked on registration, get-out-the-vote and similar activities that benefit all their candidates. This is the area in which Republicans would be far ahead of Democrats.

Proposition 40 contains a host of other provisions, all generally aimed at reducing the flow of big money into campaigns. Among other things, it prevents one candidate from donating his or her surplus funds to another, limits borrowing to $250 per creditor and requires repayment within 30 days and says that any campaign money on hand when the initiative takes effect (which would be November 7th) may not be used for future campaigns.

What about wealthy persons who use their own funds to seek office? The measure provides that their opponents — after raising a threshold amount for themselves — would receive state money in a dollar-for-dollar match of the wealthy person's funds. However, there is a $1 million per fiscal year limit on state expenditures for campaigns.

Not surprisingly, opposition to Proposition 40 is already intense — much of it from labor union and corporate interests. They are expected to argue primarily that Proposition 40 would protect incumbents by making it difficult for challengers to raise funds and — through the $1 million matching fund — would open the door for public financing of election campaigns.

Johnson replies that Proposition 40 would destroy the advantage that incumbents already have since it is they who can raise big amounts from special interests while challengers can't. Concerning public financing, he says the $1 million fund is a minor part of the measure inserted to satisfy equal protection requirements of the law. Since wealthy persons will get no advantage from spending their own money, he says, state funds may never be used.

Generally, Johnson contends that unions and corporations are against Proposition 40 because they would lose influence if it becomes law.

Whatever the arguments, the battle will be intense, and there is no sign of what the outcome may be. But even if the measure does become law and Democrats are hurt, the injuries won't be mortal. As Assembly Democratic floor leader Mike Roos told a seminar on Proposition 40 recently: "Something will happen . . . I guarantee you that if it takes $100,000 for me to defend myself, I'm going to defend myself."

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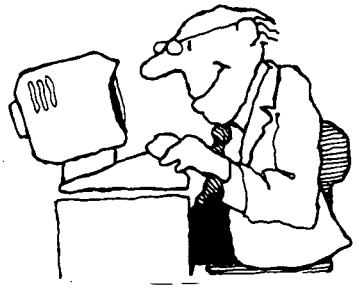

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Doing well after nine months, does it duplicate existing programs?

By ADRIENNE KAREL LEFFLER and VIC POLLARD

In Los Angeles last year, a group of Asian refugees who could not speak English was sent to a new job-training center where none of the instructors could speak their language. At the same time, a group of inner-city blacks was dispatched to another center specializing in teaching English to refugees.

That was one of the start-up problems that occurred when California launched its version of the federal government's new program aimed at giving the hard-core unemployed some marketable job skills and getting them back on the payroll. Called the Job Training Partnership Act (JTPA), it's the Reagan administration's replacement for the much-criticized Comprehensive Employment and Training Act (CETA) program phased out over the past two years.

Officials in California, which received $210.5 million from Uncle Sam for the first nine months of the JTPA program beginning last October 1st, are knocking on wood in hopes that they won't have to deal with any worse problems than the kind of bureaucratic foul-up which occurred in Los Angeles.

But they know that with such a big program — $307 million for the current fiscal year — the potential for worse is always there. Indeed, some community college officials already are contending that JTPA is wasting money by creating a vocational-education system duplicating the one that the colleges already have in place.

So far, however, the reviews generally have been good. In their first six months of operation, local JTPA agencies around the state enrolled 16,594 persons in job-training programs and placed 10,222 of them in paying jobs, officials announced in June. Although most of the jobs are on the low end of the wage scale, supporters of the program believe that they can generate new starts in life for thousands of people who would otherwise face a future in welfare lines.

The JTPA program reflects President Reagan's philosophy of self-reliance and his contempt for the dole, even though its $3.6 billion annual budget comes entirely from the federal government. Gone are CETA's payment of $3.50-an-hour stipends for recruits to attend training classes and its payment of wages for them to do what many felt was superfluous work for government agencies.

Job skills

Under JTPA, enrollees sign up for training programs in specific job skills such as welding, auto mechanics, furniture manufacturing or in basic educational skills — like English for refugees — needed to enter the job market. The training is provided by community colleges, private trade-technical schools, local businesses or community organizations under contracts with local organizations formed to administer the funding.

Adrienne Karel Leffler is a parttime political science teacher and freelance writer in San Diego. Vic Pollard is Sacramento Bureau chief for Gannett newspapers.

Essentially, the program is run at the local level. City councils or boards of supervisors (or both together) apply to the state to have their territory designated as a Service Delivery Area (SDA). Their application approved, local officials then appoint a Private Industry Council (PIC) to decide what kinds of training should be provided in the area and who will provide it. PICs may vary in size, but all (there are 50 in the state) must be dominated by local business people. Also, PICs may be incorporated to grant job-training contracts themselves or they may make recommendations on contract awards to the local government agencies that created them.

At the state level, the JTPA program is monitored by the Job Training Coordinating Council, a 32-member board composed largely of gubernatorial and legislative appointees. The board must approve local applications to create an SDA, but final sign-off must come from the governor. Day-to-day administration is handled by a unit in the state's Department of Employment Development.

What distinguishes the JTPA from CETA and its other predecessors most sharply are its performance standards: The schools and agencies which provide training are paid only for the trainees who complete the courses and get jobs. The PICs must also provide training opportunities for women, minorities, welfare recipients and other categories of the jobless in about the same ratio as those people are found in the community.

JTPA training programs also are supposed not only to train the unemployed but to meet the needs of the local business community for a labor force. One of the criticisms of CETA was that, in the words of Republican Assemblyman Larry Stirling of San Diego, "All it did was turn out an endless supply of administrative assistants, of which we now have a surplus."

As far as quantity is concerned, most California officials are delighted at the way the state has measured up so far. Of 10,764 adults who entered job training in the first six months, 6680 were placed in jobs, according to the state

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JTPA agency. That's a placement rate of 62.1 percent, compared to the nationwide performance standard of 47.7 percent. Among youths under 22, over 5800 entered training and 3542, or 60.8 percent, won jobs against an even lower standard of 37.3 percent.

Friction

At the same time, officials acknowledge that there have been some start-up problems and some friction among local agencies that came with the transition from CETA to JTPA.

"The first year has really been just an experimental year of trying to change a massive system with many organizations in place, each of whom is reluctant to give up a previous position and previous authority," says Ted Bruinsma, chairman of the state Job Training Coordinating Council.

So far, the program's sharpest critic is Garland Peed, chancellor of the San Diego Community College District. He says JTPA not only poses a threat to the state's already-struggling junior-college system but also lays the groundwork for a political-spoils system that is ripe for scandal.

Peed's district has won several JTPA training contracts, but his chief concern is that there are hundreds of millions of dollars in job training money being handed out with no preference being given to community colleges — set up primarily for job training and vocational education in the first place. At a time when the two-year colleges are being forced to charge $50 per semester for tuition just to make ends meet, they also are being forced to compete for the JTPA training contracts, and not always successfully.

Their competitors are private trade-technical schools and community organizations. Building them up, Peed fears, will create a parallel educational system financed directly by the federal government. He's even written a paper on the subject titled, "The Job Training Partnership Act: The forerunner of a federal school system."

"Right now," says Peed, "you could have a situation where a community college district sets up a welding program, the local K-12 district sets up a welding program and the local regional occupational (training) program sets up a welding program," he says. "You've got these three programs that are duplicative, and now you have a fourth one where the PIC could come in and set up its own program."

What is needed, he contends, is a state-level authority to insure that any new programs supplement the existing programs, rather than create costly duplications. The fault, he believes, lies with the JTPA's directions to funnel the federal money directly to local governments and local PICs, giving the governor and the state Legislature little discretion in how it's used.

The reason for that, he believes, is that the law was written in light of the eastern system of governing schools and community colleges, where they are largely controlled and financed by local government agencies. "That's not true in the West," he says. "We receive our money directly from the state of California, so consequently the local municipal government is not involved in the local school district."

Temptations

"There's another piece to this," he continues. "I'm not saying that this is being done any place, but there's the political temptation to build a power base by local elected municipal officials. Here is a new source of revenue to do that. If you want money to go to a particular local community organization, you can say, 'Heck, I can do that. I've got the clout through my appointments to the local Private Industry Council.' "

Some community college officials disagree sharply with Peed, especially those in places like San Francisco and Alameda County where the PICs depend heavily on local colleges to provide training under the program. Community Colleges Chancellor Gerald Hayward takes the view that the colleges should plunge in and convince PICs throughout the state that they can provide better job-training at a lower cost than the trade-technical schools, the community organizations or anybody else, no matter what the local politics are.

The JTPA program is also beginning to come under criticism in other states for what some say is a tendency to concentrate on applicants who can be placed in jobs relatively easily, neglecting those who most need training. It's a charge hotly denied by officials in California.

"If there was creaming going on, you would expect to see certain groups being served less in the JTPA than they were in CETA such as welfare recipients and school dropouts," says Carl Grossenbacher, chief of the state Employment Development Department office that administers the program. "Under CETA in its last year in California, 34 percent of the participants were welfare recipients. Under JTPA 39 percent are welfare recipients. So we're talking more of that group, and it's not easy to market welfare recipients to employers." For school dropouts the percentages are an identical 24 percent for both programs, he adds.

Michael O'Reilly, executive director of the state council, notes that some 40 percent of the money under the program is targeted at getting young people off the streets and into jobs as quickly as possible.

"I like to refer to it as confidence in playing the game of work," he says. "They need to know how to get a job, have confidence in their ability to deal with the work place, take criticism without it being a challenge to their manhood. Those of us who come from a white, Anglo-Saxon background move into that easily. We just assume that's the way it is. But to an inner-city minority kid, that's not always the case. That's why a considerable portion of the money is targeted toward them."

However, although 40 percent of the money is targeted at young people, the SDA's are not achieving that expenditure rate. EDD's Grossenbacher explains: "Among other reasons, it's because youth programs are cheaper, because so many of them are in-school programs. So we're serving 40 percent of the youth or more, but we're not able to spend that much. We're going to have to take a look at that and see how the SDA's can come up with some innovative programs. We don't want to just throw the money out there because we have it."

Meanwhile, as JTPA moves into its first full fiscal year of operation, and with all that money floating around, officials are nervously watching for any sign of chicanery. "Anytime you put that kind of money out there in a two- or three-month period," Grossenbacher adds, "there's a potential for some real problems. With the (U.S.) Department of Labor we have a monitoring blitz on right now and by doing that, I think it sends a message."

But Grossenbacher and others are confident that the program is designed efficiently enough to correct many of its own mistakes, like the situation that resulted in the mixup between the black and Asian trainees in Los Angeles.

It stemmed, he says, from the fact that Los Angeles County officials designed their program to benefit general-assistance welfare recipients, the hard-core unemployed that the county supports entirely with its own funds. However, such a plan fails to provide adequate services for others who must be helped under the JTPA. These include regular welfare recipients, school dropouts, minorities and women. Upon learning the error of their ways, the Los Angeles officials changed. "Their plan for the year that began July 1st is substantially different," says Grossenbacher.

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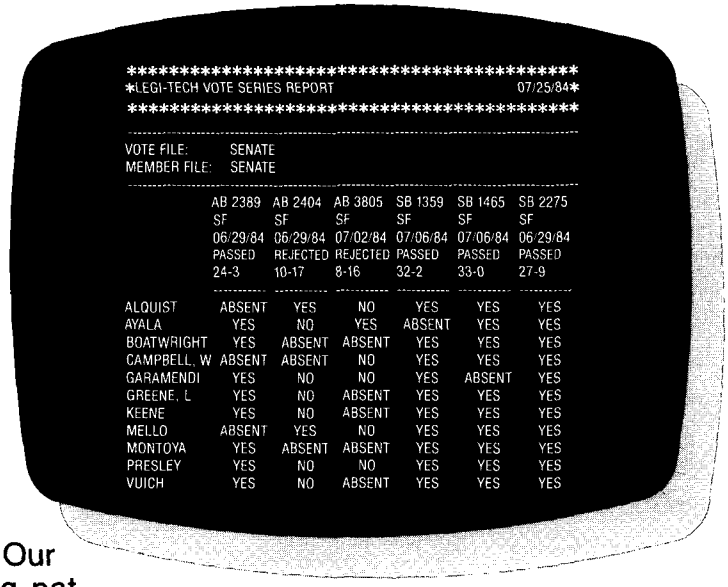

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                AB 2389   AB 2404   AB 3805   SB 1359   SB 1465   SB 2275
                SF        SF        SF        SF        SF        SF
                06/29/84  06/29/84  07/02/84  07/06/84  07/06/84  06/29/84
                PASSED    REJECTED  REJECTED  PASSED    PASSED    PASSED
                24-3      10-17     8-16      32-2      33-0      27-9
ALQUIST         ABSENT    YES       NO        YES       YES       YES
AYALA           YES       NO        YES       ABSENT    YES       YES
BOATWRIGHT      YES       ABSENT    ABSENT    YES       YES       YES
CAMPBELL, W     ABSENT    ABSENT    NO        YES       YES       YES
GARAMENDI       YES       NO        NO        YES       ABSENT    YES
GREENE, L       YES       NO        ABSENT    YES       YES       YES
KEENE           YES       NO        ABSENT    YES       YES       YES
MELLO           ABSENT    YES       NO        YES       YES       YES
MONTOYA         YES       ABSENT    ABSENT    YES       YES       YES
PRESLEY         YES       NO        NO        YES       YES       YES
VUICH           YES       NO        ABSENT    YES       YES       YES
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THE FUTURE OF WILLIE BROWN

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By MARTIN SMITH

Dashing, flamboyant and something of a national celebrity these days, Democratic Assembly Speaker Willie Brown heads toward the November elections facing a bigger version of an old problem: Brown himself as an issue in the campaigns. In 1982 Republicans made him an issue in several Assembly races by attacking him more than the Democratic opponent immediately involved. But in 1984 there are even bigger battles into which the speaker may be drawn.

There will be battles over reapportionment and campaign-finance reform, each generated by Republican-sponsored ballot initiatives that will go before voters in November. Supporters of Propositions 39 and 40 will charge (A) that the Democrat-dominated Legislature has gerrymandered legislative and congressional districts and (B) that it has tolerated a corrupt system for financing political campaigns. Thus, Brown — as California's preeminent legislator and leader of the Assembly's Democratic majority — may be cast as a symbol for much that is wrong.

In short, the November elections will be dangerous for Brown, now in the fourth year of his speakership. If Republicans again make him an issue in several Assembly campaigns, and if Democrats lose a seat or two (or are even frightened badly by the election results) and if either Proposition 39 or 40 is passed, Brown's grip on the speakership may be loosened. At the moment, there is no successor in sight, but if enough Assembly Democrats become convinced that their speaker is costing them votes, there'll be no shortage of candidates.

Even if Brown retains his grip on the leadership job, a question remains: How much longer does he want to be speaker? Brown is now 50 years old — an important milepost for any man. Also, he is finishing his 20th year in the Assembly — another milepost of sorts because it qualifies him for optimum pension benefits under the Legislature's generous system. For these and several other reasons, there are those who believe that his next term in the Assembly may be his last. To them, it is significant that Brown has taken up — for the first time in his life — a genuine hobby. The man who has devoted 14 hours-a-day, seven-days-a-week to politics, now spends four or five hours of a Sunday riding a horse.

But the November elections are the most important matters at hand. Will Republicans, as they did in 1982, make Brown an issue in Assembly campaigns? Quite possibly they will. A GOP political leader says surveys are being made in various districts to see how profitable attacks on the speaker may be.

A gimmick

The gimmick — Republicans attacking the Democratic speaker instead of the local Democratic candidate — seems to have been developed in the mid-1970's. One of its first users was a GOP candidate named Allan Hoffenblum in a Redondo Beach district. Hoffenblum lost the race and has since become a prominent campaign consultant. But before going down, he created a brochure that carried generally unflattering pictures of then-Assembly Speaker Leo McCarthy and five of his Democratic committee chairmen (including then-Ways and Means Chairman Willie Brown).

Hoffenblum's goal, he now explains, was to convince voters that the Assembly was in the hands of a Democratic machine and that his election would help break the machine's power. During succeeding years, as a consultant, he created "umpteen" direct-mail pieces with McCarthy's photograph for other Republican candidates. "Sometimes it works, sometimes it doesn't," he says.

However, the 1982 campaigns were different from any before. For the first time, the speaker being portrayed as a villain was a black man with an Afro-style hairdo. Brown, noting that he had abandoned the Afro long before, contended that the Republican mailings were essentially a racist attack. Hoffenblum, who was not involved with the 1982 picture selection, conceded that the Afro-haired photo was "questionable" but defended the basic tactic. "What I think is racist is treating a black differently from a white," he says.

(Ironically, Republican Assemblyman Don Rogers of Bakersfield also came under attack for his association with Brown. Because Brown won the speakership in 1980 with GOP support, Rogers' Democratic opponent attacked Rogers for having made a political deal with Brown and included pictures of Rogers and Brown. Brown forces say now that the attack was racist but was made by an outside political consultant and not by the speaker's political organization.)

Actually, Republicans have not stopped attacking Brown since 1982. In 1983 the state party began publishing a series of "Capitol Score Cards" that charged several marginal Democratic first-termers with following a liberal line dictated by Brown. Surprisingly, the GOP failed to follow up by recruiting challengers for such Democrats as Rusty Areias of Los Banos, Bruce Bronzan of Fresno, Gary Condit of Ceres and Steve Peace of Chula Vista. All are unopposed by Republicans in November.

Brown and Proposition 24

In any case, there's no shortage of material for Republicans to use against Brown in 1984, whether it be in Assembly races or in connection with either of the proposition campaigns. These have been controversial times for him, particularly because of his "so-sue-me" approach to last June's enactment of the Gann initiative — Proposition 24.

The measure is aimed at reducing the power of both the speaker and the Assembly's Democratic majority and at cutting the Legislature's own budget by 30 percent. Brown, backed by legislative Democrats, has consistently contended that the initiative, which was financed by Republicans, is unconstitutional. Meanwhile, he and other Democrats refused to put it into effect and filed a state-financed law suit against it. (The state Supreme Court dismissed the suit but left the door open for another.)

However, Brown has presented the case in his usual outspoken, self-assured and often self-centered manner, suggesting the while that those who supported the initiative (it got 53 percent of the vote) were foolish and misguided. As a result, a situation that was bad enough for Democrats on its face (ignoring the law and using taxpayer funds to defend themselves) became even more of a public-relations setback.

Reaction around the state has been angry and intense, eventually forcing Brown and Senate President pro Tem David Roberti to order a 30 percent reduction in the Legislature's budget. Even the *Wall Street Journal*, which doesn't often concern itself with state-level politics, ran an editorial titled "Willie Brown vs. the People."

As if that weren't enough, there also has been recurring press criticism of Brown's San Francisco law practice and his representation of major San Francisco Bay Area developers, many of whom have sought special help from local politicians and state lawmakers. The most notable case involved a developer/law client who sought state legislation to overturn a San Francisco condominium law. There also have been stories about Brown's connection with state legislation involving a project proposed by the Southern Pa-

Martin Smith is political editor for The Sacramento Bee.

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cific Company. *The Bay Guardian*, a gadfly weekly, has called for an investigation by the Fair Political Practices Commission.

Brown's response

Brown has taken a variety of steps in response. Concerning his law practice, he is conspicuously carrying a bill for the FPPC to crack down on state legislators whose outside activities may lead them into any conflicts-of-interest. Under current law, the FPPC may expose such conflicts. Brown's measure would add a $2000 fine.

Concerning legislative campaigns, Brown and key Democratic strategists stand ready to launch vigorous pre-emptive attacks against Republicans. Richie Ross, Brown's field marshal for Democratic campaigns, says the GOP has made things easy by recruiting an unusual number of poor candidates. "This is the biggest crop of turkey Republicans we've ever seen in our lives," says the tough-talking Ross. "There's no way you could run against them and not run a negative campaign."

For the rest, it all adds up to a heavy burden for Brown, and — as mentioned above — there are those who believe that his next term in the Assembly may be his last. At the end of his next term he will have served as speaker longer than all but a few of his predecessors. Furthermore, if any of the Gann initiative's key provisions are allowed to stand, the speakership may be less powerful than it has been in the past.

Persons close to him contend that Brown is not especially wealthy. Current income goes for the good life — expensive clothes, cars, wining and dining. Thus, if he quit the Legislature he would want to return to San Francisco and use his celebrity status and political connections to expand his law practice. (Although he is plagued by eye problems, they are not serious enough to keep him from work.)

His need for income is why some of his associates scoff at the idea that he would return to San Francisco and run for mayor. To do so, he probably would have to give up his law practice, and he's thought to be incapable of living on just the mayor's salary alone. There is also no longer a financial incentive for Brown to stay in the Legislature. Under its pension system, a legislator may begin drawing benefits after 15 years of service, but the maximum benefit, about two-thirds of salary, comes after 20 years. During Brown's next term, annual salaries will go to $33,732.

No matter what Brown does, key members of his staff are expected to start moving on. For example, Steve Thompson, his top assistant, is expected to leave after the November election. He will have served four years — twice the time he originally promised to stay on the job.

Hand-pick a successor?

Ideally, retirement might seem even more attractive to Brown if he could hand-pick his successor as speaker and remain as an influential, behind-the-scenes voice in Sacramento. He knows from bitter personal experience how difficult that can be, however. The late Bob Moretti, when he resigned as speaker to run for governor in 1974, attempted to deliver the speakership to Brown, his close friend. Despite Moretti's influence, Leo McCarthy was elected speaker and Brown had to wait more than six years to get the job.

No one believes that Brown has decided to retire, only that he must be giving it serious thought. For the moment, he remains too complex an individual for the answer to be a simple one. He has come a long way and the state seemingly is much changed since the decade of the 1960s when he was a struggling young civil-rights activist whose Democratic primary victory over 76-year-old Ed Gaffney, one of the last of San Francisco's old-time conservative Irish-Catholic politicians, helped mark the beginning of a new era for the city. The speaker may question sometimes, though, how deep some of the changes are. Willie Brown made a name for himself in his community by leading sit-ins at housing sites where more than 20 years ago blacks were denied opportunities to purchase. Yet despite the enormous personal prestige Brown now enjoys in San Francisco, he recently was unable to rent an apartment under circumstances which have led him to prepare a civil suit, charging that he was the victim of racial discrimination. This year Brown also has seen himself attacked in print by a Northern California weekly newspaper publisher who, put off by the speaker's handling of the Gann initiative, described Brown as "ugly" and as someone who may justify "use of the term 'nigger.'"

Recently in an interview with an eastern newspaper reporter, Brown voiced pessimism on the question of race:

"If you're black in white America, you must remember every day that you're black. That's the only way you survive in white America. . . . I always remember that in white America there's someone prepared to judge me because of the color of my skin."

The weary tone to that observation adds to the evidence that Willie Brown may feel more than a little burned out. But the total evidence, reflecting as it does Brown's complexities, is conflicting. In the same interview, he also said that he thinks whatever else Jesse Jackson accomplished by running for the Democratic presidential nomination this year, he opened political doors for blacks which won't be closed again. Things will never be the same again because of the Jackson candidacy, said Brown, adding that as one result, "I believe now that there's nothing I can't do." How unshakable this conviction is could be given a stiff test in this year's elections.

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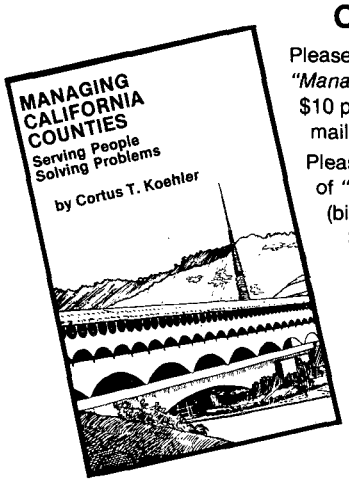

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A BUDGET OVERVIEW

By ROBERT FAIRBANKS

For the second year running, Republican Governor George Deukmejian showed himself to be in firm control of state government's fiscal affairs. For the most part, what he wanted for the state budget stayed in and what he didn't want was thrown out. What the governor wanted most of all this year (and got) was a reserve fund of nearly $1 billion — a pot of cash that could triple in size by 1986 and allow him to offer an election-year tax cut.

The Legislature's Democratic majority, not challenging the need for some reserve, struggled to divert much of the money into new state programs or expansions of old ones. But it was no use; Deukmejian vetoed away their spending proposals. None of this is to say that the governor is some kind of superman leader, able to overcome all obstacles and bend the Legislature to his will. Although he is firm, tenacious and knows how to say "no," his control over state fiscal affairs is as much a product of outside circumstances as any inner strengths of his own.

He is in control mostly because the law gives him authority to veto specific appropriations in the budget bill or any other spending measure. Known as "line-item veto authority," it means direct gubernatorial power over virtually all state programs. It is a power denied to the president of the United States, who generally must accept or veto in entirety whatever legislation the Congress sends him. Unlike the president, the governor of California need not accept a host of undesirable items to get what he wants.

However, the power to veto specific items is of little value if the Legislature is given to overriding vetoes. But in this regard Deukmejian has had faithful support from the Assembly's Republican minority. Since a gubernatorial veto cannot be overridden without a two-thirds majority (54 votes in the 80-member chamber) and since Democrats have only 48 votes, GOP loyalty is what makes the governor's wishes stick. The Senate Republican minority also supports the governor, but not to the same degree. In June the upper house handed Deukmejian his first override — of a school-bond issue — and it was done with Republican support.

This year, as last, Democrats resisted the governor's control, but negotiations were easier and less acrimonious than last. The reason? More money to spend. According to Legislative Analyst William Hamm, an upturning economy will boost the state's general-fund revenues nearly 11 percent in 1984-85 over the previous year. As a result, Deukmejian and the Democratic majority made peace on the issues of higher education and the public schools, with the governor agreeing to provide significant new financing for each.

But major conflicts remained as Democrats sought to boost funding in other areas as well. Unlike last year, when they proposed a tax increase to provide the necessary revenues, Democrats this time urged Deukmejian to permit additional spending by whittling down his proposed $950 million "rainy day" reserve. But Deukmejian refused and instead chopped

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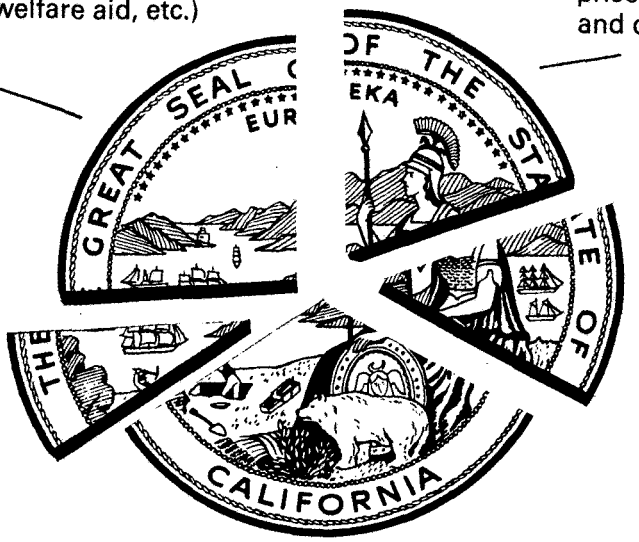
Total Budget $30 billion

Health and Welfare (mental hospitals, public health, Medi-Cal, welfare aid, etc.)
$7.8 billion

Other (Including law enforcement, prisons, conservation and other programs.)
$6.1 billion



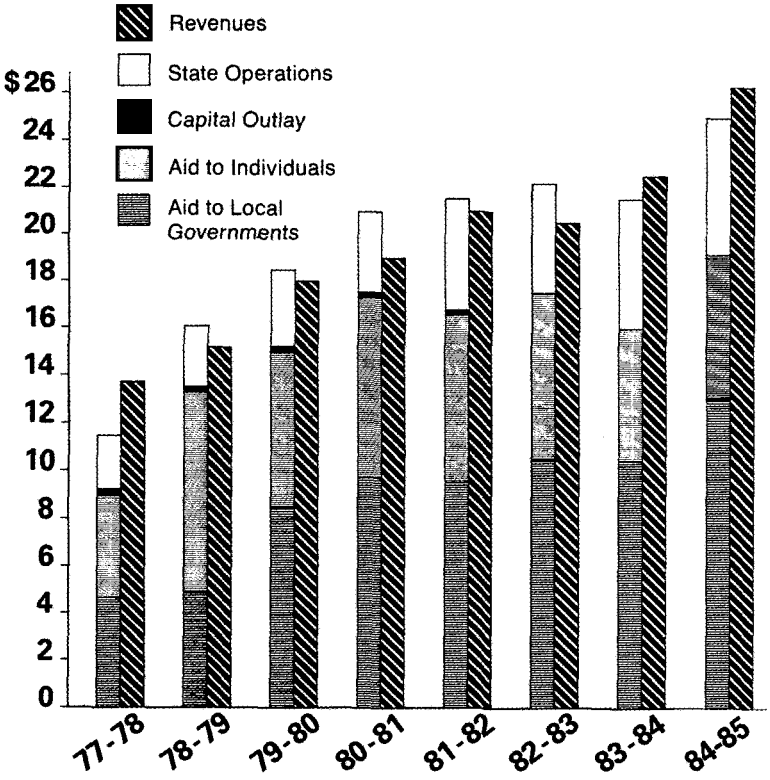
Transportation (Highway construction, mass transit, Highway Patrol, etc.)
$2.5 billion

Higher Education (Community Colleges, State University, University of California)
$3.9 billion

Public Schools (Kindergarten through 12th grade)
$9.9 billion

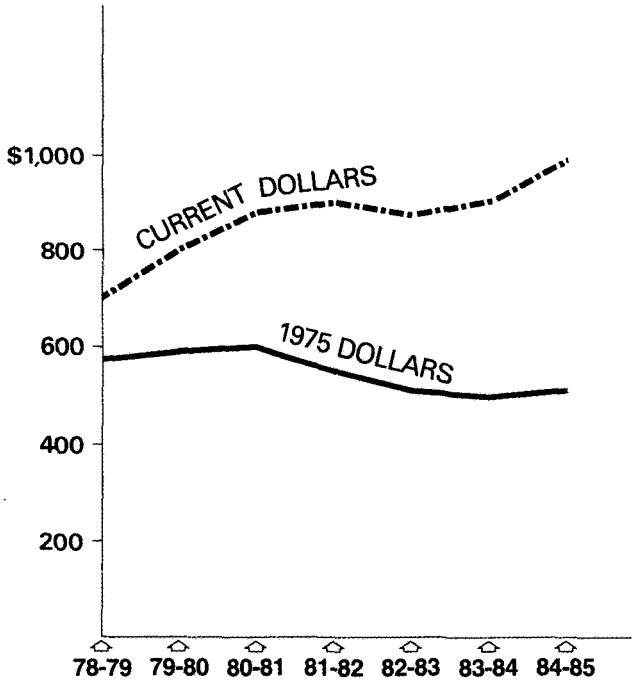
Source: Department of Finance

General Fund Income and Spending 1977-78 through 1984-85 (in billions)



Source: Legislative Analyst

Per Capita Trends in General Fund Expenditures



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their additional spending items from the budget.

In all, he vetoed $786 million from the budget bill, bringing the total down to $30.9 billion in anticipated state spending for the current fiscal year. A pair of local-government finance bills, which the governor approved later, will add $253 million to the amount.

Concerning vetoes, some of the loudest protests arose from his $68.3 million deletion for "comparable worth" and other special pay adjustments for state employees. Under a system of "comparable worth," jobs that are done mostly by women (clerical, library, nursing, etc.) would be paid as much as equivalent jobs done by men (custodians, trucking, repair, etc.). Currently, big differences exist and many persons — men and women — are advocating change.

Deukmejian says he is not opposed to "comparable worth" but wants it implemented through collective bargaining between state government and employee unions. The budget contains $445 million for state salary increases this year, enough to provide a 10 percent raise for all civil service employees. Acting on its own after the veto, the California State Employees Association negotiated an eight percent increase for all employees and another five percent for female-dominated categories. A CSEA spokesman says the agreement is not called "comparable worth" but is the same thing.

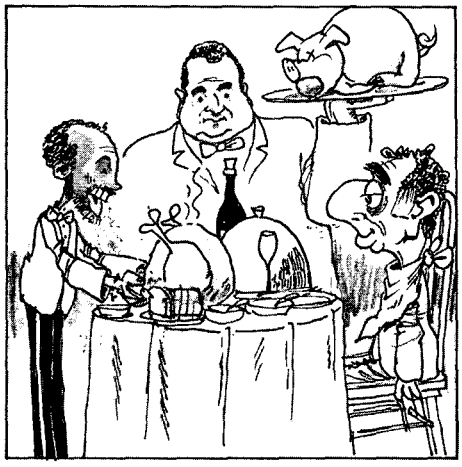
For the rest, Deukmejian's vetoes ranged over virtually all areas of state activity. At a news conference afterwards, he bent backwards to note that he — in his proposed budget — had included increases for many state activities and that he was vetoing additional monies added by the Legislature.

Analyst Hamm, in his annual wrap-up of budget-negotiation results, is predicting that the state's general fund will end this fiscal year with a surplus of just about $950 million — the amount that Deukmejian wants for his rainy day fund. Since the state's tax system generally produces a little more each year than it did the year before, this means that the system will produce at least another $950 million in surplus next year and another $950 million the year after that. Or, as the technicians say, "The surplus is built into the base."

What this means is that the governor, when preparing his budget for presentation to the Legislature next year, probably will have nearly a billion to dole out. If he proposes an income-tax cut, chances are that the Legislature would approve it sometime later in the year and that it would take effect April 15, 1986. This would be just a few weeks before Deukmejian seeks the GOP nomination for reelection.

DEADLINES

Perhaps because of all the anger and frustration it generated last year by failing to pass a budget until July 19th, the Legislature this year was on time. Final action came on June 15th, the constitutional deadline. The deadline, approved by voters, became effective in 1972 but has been honored only three times since then: 1972, 1981 and 1984. Legislative action by June 15th gives the governor two weeks to review the budget and make whatever changes he wants before the new fiscal year begins July 1st.



GOVERNOR'S BUDGET REQUEST AS REVISED IN MAY

Expenditure (in millions)

General Fund	Special Funds	Selected Bond Funds	Total
$24,857	$4,820	$767	$30,444

BUDGET AS APPROVED BY THE LEGISLATURE JUNE 15th

Expenditures (in millions)

General Fund	Special Funds	Selected Bond Funds	Total
$25,747	$4,789	$1,103	$31,639

VETOES BY THE GOVERNOR & OTHER CHANGES

Expenditures (in millions)

General Fund	Special Funds	Selected Bond Funds	Total
−$725	−$55	−$6	−$786
49	–	—	49

FINAL BUDGET AS SIGNED BY THE GOVERNOR JUNE 27th

Expenditures (in millions)

General Fund	Special Funds	Selected Bond Funds	Total
$25,071	$4,734	$1,097	$30,902

Note: These figures are from the office of Legislative Analyst William Hamm. In his final budget report, Hamm adds $253 million to the budget total to show additional spending for local government authorized by AB1849 and SB749, bringing the budget figure to $31.16 billion.

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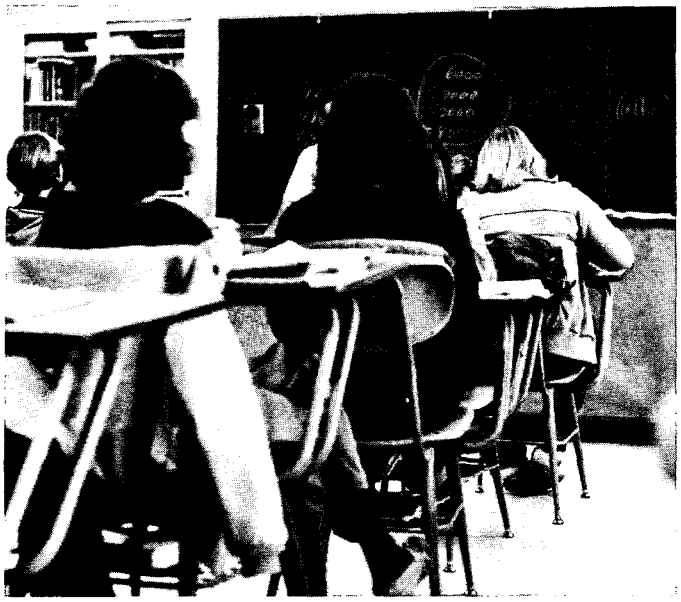


EDUCATION

By MICHAEL FALLON

There was only one question for California's public school establishment during the budget negotiations of 1984: Will he or won't he? In the end, the answer was: He will. But there was a fair amount of dramatics before that answer became known.

Michael Fallon is an education writer for the Sacramento Union.

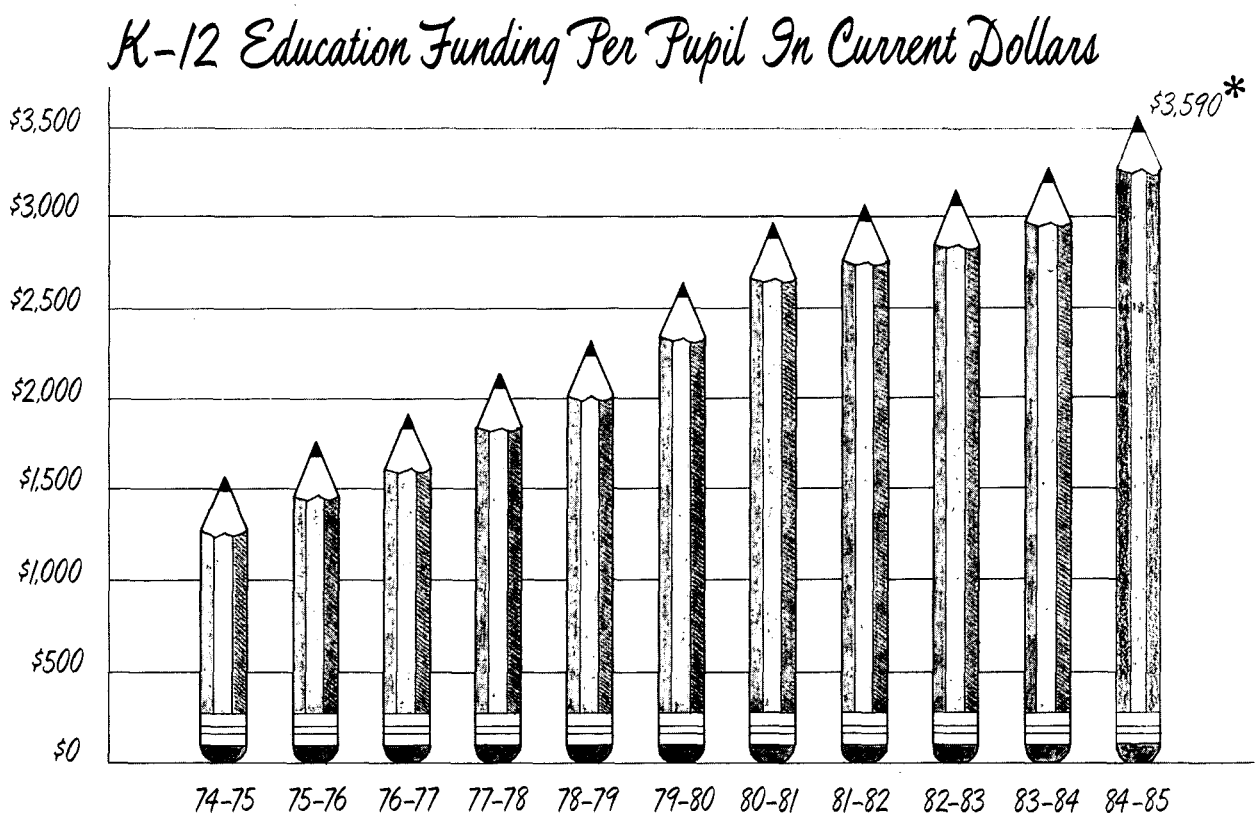
The "he," of course, was Governor George Deukmejian. Last year he signed the Hughes-Hart Educational Reform Act of 1983, an enormous package of new money and new requirements designed to upgrade the quality of the state's public schools. But it was a two-year package and before he signed it, the governor vetoed the $1.9 billion that was supposed to flow to schools in the second year. At the time, he explained that he didn't want to commit the state to that much new spending so far in advance.

As a result, the schools got their down payment — $880 million in new state money for fiscal 1983-84 — and the first-year reforms began to go into effect. These included reimposing minimal high school graduation requirements, creating a "mentor" program to give extra pay to outstanding teachers for undertaking additional duties and giving higher pay to entry level teachers (see "Budget Analysis," *CJ*, September 1983). But nobody could be sure of what the governor would do about Year Two.

Now comes January, the governor proposes a budget for 1984-85 and some of the fears are realized. Instead of proposing the $1.9 billion, Deukmejian offered $1.6 billion. This was enough to continue the first year reforms and fund those for the second year, including the costliest, at $256 million, to lengthen the school day and year. But it wasn't enough to cover the 5.9 percent cost-of-living increase that was supposed to take effect in 1984. Under the governor's plan, the schools would get three percent.

Objections came immediately and continued through the spring, including many from Republican lawmakers whose suburban school districts tended to suffer more from declining enrollments than urban area schools. Declining enrollments are important in school finance because most state aid is apportioned to schools on a per-pupil basis. Thus, as enrollments go down, so does the amount of money that a district gets from the state.

However, the cost of maintaining day-to-day operations in a school district rarely can be cut as rapidly as the enrollment



* This figure includes payments for such things as State Teachers' Retirement Fund, child-care services, bus-driver instruction and capital outlay repayments.

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declines. For instance, parents object strenuously to closing neighborhood schools, causing districts to maintain expensive buildings with few students in each. Thus, a relatively small increase in per-pupil state aid may not give a declining enrollment district all that it needs to cover fixed costs. As a result, major cuts must be made.

Superintendent of Public Instructions Bill Honig said in May that in such districts and others the governor's three percent would not allow for any increases in teachers' salaries, which were averaging about $24,000 a year. This, he warned, would "frustrate" school reform.

Later in May, both Democrats and Republicans in the Legislature indicated agreement by unanimously approving a measure to give schools the 5.9 percent, or about $338 million more than Deukmejian had proposed. However, in less than a month, the governor made the issue moot, announcing that he would approve putting another $345 million into the budget for schools. And, he disclosed, he'd pretty well meant to do so all along but didn't want to say so at first for fear that educators would have then asked for much more than 5.9 percent. "I've been around long enough to know the process," he explained.

In all, the schools will get about $13 billion in state and local funds for 1984-85, an average increase of 12 percent from last year. Over the first two years of Deukmejian's administration, his office says, schools will have received nearly $3 billion in new state money, or about 20 percent more per student than they got from the last budget adopted under former Governor Jerry Brown.

As mentioned, the most costly provision of the second-year reform provides financial incentives for school districts to lengthen their school day and year. State Department of Education researchers have found that California students spend considerably less time in school than others in the nation. Total instructional time in California, they say, is one-half year less than the national average by the end of the third grade and one and one-third years less by the end of high school.

The budget also provides funding for second-year reforms such as summer school programs in mathematics, science and other "critical" areas; for mini-grants up to $2000 to teachers for projects to improve classroom instruction; and another 10 percent boost in teachers' starting salaries, bringing them closer to the third-year target of $18,000 annually.

However, the governor vetoed an $800,000 item to expand "Golden State" testing for high school seniors, a program designed to give California a voluntary equivalent to Regents Examinations in New York state. Under the program, which was authorized by last year's reform bill, seniors seeking honors at graduation will be able to take tests in math and humanities. A task force created by Honig had proposed additional tests in science and foreign languages, but the governor said that the initial tests should be developed before expansion is considered.

The governor also vetoed a budget provision inserted by the Legislature, to provide another $100 million for school construction if state reserves exceeded expectations at the end of 1984-85. Deukmejian said he saw the need for new construction money but did not favor "allocating future resources too far in advance."

The governor also used his veto on several categorical programs. Currently, categorical funds go to schools to finance specific programs, such as special instruction for non-English-speaking students and for child-care services. However, the administration, like others, contends that the administrative cost of maintaining so many separate programs is excessive and that districts should instead receive a single block grant to finance all. Because of anticipated savings, the grant would be less than the sum of all. However, opponents contend that school districts, if left to themselves, might short-change one program or another, putting extra money into their favorites. In any case, the governor proposed block grants last year but gave up after encountering resistance in the Legislature.

This year, the governor authorized the full 5.9 percent COLA for some categorical programs but cut it to three percent for all

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others. Those getting the full increase were special education for handicapped children, apprentice programs, Regional Occupational Centers and Programs, adult classes in correctional facilities, the Miller-Unruh Reading Program and demonstration programs in reading and math. Among those cut were four of the largest categorical programs: home-to-school transportation, $8.1 million, down from $15.6 million; economic impact aid for the disadvantaged and limited-English-speaking students, $5.5 million, down from $10.7 million; School Improvement Program (with an emphasis on planning at the school level, established by former state Superintendent of Public Instruction Wilson Riles), $5.2 million, down from $10.2 million; and child-care services, $6.9 million, down from $13.6 million.

William Whiteneck, consultant to the Senate Education Committee, wonders if the reduced COLAs are "some kind of signal from the Deukmejian administration that those programs will be slowly starved. . . . I think his staff fully realizes that the resource teachers and other employees paid from those programs are on exactly the same salary schedule in school districts as other teachers and employees. If districts grant them salary increases, they will have to cut their program or encroach into general funds."

William Cunningham, Deukmejian's education adviser, says that fiscal considerations prompted the reduced COLAs. "There was never any discussion that any program was more important than any other," Cunningham says, adding that the K-12 budget, "while not perfect, is a darned good budget."

Senator Gary Hart of Santa Barbara, a Democrat and co-author of the 1983 school-reform law, feels that public schools have been treated in the budget "not as well as I'd hoped, but they came out pretty well under the circumstances."

HIGHER EDUCATION

By PATRICK M. CALLAN

For California's institutions of higher education, the 1984-85 state budget represents the dramatic reversal of a pattern of reduced state support that extends back to the 1978 passage of Proposition 13. Over the last three years alone, community colleges, California State University and the University of California have seen their share of the state's general fund and property tax revenues dwindle from 12.8 percent in 1980-81 to 11.1 percent by the time the 1983-84 budget was signed. During those same years, student fees at the University of California rose by 79 percent and by 216 percent at the California State University. Faculty salaries at these institutions fell behind those of comparable institutions nationally, backlogs of maintenance and repair accumulated and obsolete instructional equipment was not replaced. California's preeminance in higher education was jeopardized.

The 1984-85 budget reverses this downward spiral. State support has been increased radically and student fees at the university and state university, which jumped sharply every year from 1981-82 through 1983-84, have been lowered — an historic first. Also, the community college fee question has been settled. Finally, the state's substantial reserve for economic uncertainties ($950 million) should insulate higher education, as well as other state programs, from the mid-year cuts and fee increases that were required in prior years because of a faltering economy.

Table 1 shows the magnitude of new state support. As shown, only CSU was able to post a modest gain in 1983-84, and that was due entirely to substantial increases in student fees and fee revenues.

The introduction of the governor's budget in January coincided with the culmination of the struggle over fees at the community colleges. The final compromise agreement, embodied in two pieces of legislation (AB470 and AB1XX) called for the imposition of a $50 per-semester fee for students enrolled for six or more units per term and for financial aid to those students unable to afford this charge. Other provisions included a consolidation of existing permissive fees under the $50 ceiling, fee waivers for students on public assistance, protection against funding losses due to further enrollment declines resulting from the fee, and a three-year "sunset" clause that automatically rescinds the fee after January 1988.

As part of the same agreement, Governor George Deukmejian restored $96.5 million to the 1983-84 community college budget. This compromise ended a debate which dated back to the first days of the Deukmejian administration and the governor's proposal to begin — for the first time — a community college student fee. Most members of the Assembly's Democratic majority, led by Speaker Willie Brown, vehemently opposed, saying that fees would deprive impoverished students of educational opportunity. As a result, the 1983 session ended in a stalemate on that issue.

As introduced in January 1984, the governor's proposed budget for 1984-85 explicitly addressed the maintenance of excellence in higher education.

- Faculty salaries were funded at a level that would restore their competitiveness with salaries in other states. California had fallen behind and was losing its ability to compete for faculty. The 1984-85 increases will put California slightly ahead of the competition.
- Facilities maintenance and the replacement of obsolete equipment were to be funded not only to meet needs of the current year but also to begin addressing the substantial backlogs which have accumulated. Additional dollars have been earmarked for computer and high-technology materials at both universities and for increased research at the University of California.
- The number and amount of the state's Cal Grant financial-aid awards were increased by some 2258 grants and $11.1 million (up from $85.8 million to $96.9 million), a change of 12.9 percent. The state will begin to replace a portion of student financial aid which is currently funded by student fees at the University of California. CSU student fees are scheduled to be reduced by $42 per year; those at UC, $70 per year.

With increases for other postsecondary institutions such as the California Maritime Academy and Hastings School of Law, the total postsecondary budgets stand at $4.37 billion, 18 percent above the depressed levels of 1983-84.

Of the three systems, the University of California received the largest augmentation in 1984-85 — $250.1 million, or 22.2 percent. Faculty salary increases of 13 percent accounted for a major portion of this increase, but there were also substantial augmentations for facilities maintenance, equipment replacement, research and new capital construction. University President David Gardner declared: "We are now on the way to restoring the university's fiscal health, momentum and morale."

One of the few areas of controversy involved the Legislature's cut of the university's retirement funding as proposed by the governor. The Legislature eliminated $64 million of this

Patrick M. Callan is chairman of the California Postsecondary Education Commission.

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TABLE 1 *Total general fund and property-tax support for the three public segments of California higher education: 1983-84 and 1984-85 (in thousands)*

Segment	Total 1983-84 Funding	Percent Change From 1982-83	Total 1984-85 Funding	Percent Change From 1983-84
University of California	$1,124,592	−1.2%	$1,374,788	22.2%
California State University	954,820	4.1	1,152,423	20.7
California Community Colleges	1,372,738[a]	−7.2	1,629,189	10.3

a. Total funding in 1983-84 Budget Act does *not* include $96.5 million augmentation approved in AB 470.

Source: California Postsecondary Education Commission staff analysis of budgets.

$82 million with the provision that the money would be restored if there was a large enough year-end surplus in 1984-85. However, Governor Deukmejian vetoed this provision and indicated he would support legislation to appropriate the funds without conditions.

CSU funding increased $197.6 million or 20.7 percent, leading Chancellor W. Ann Reynolds to declare: "We are at last on the road to improve quality and effectiveness." A salary package increases faculty wages and benefits by 10 percent and restores CSU's competitive position with similar institutions nationwide. Another $97 million is provided for program improvements, including increased computer time and equipment, maintenance and repair of physical plant and replacement of outdated instructional equipment.

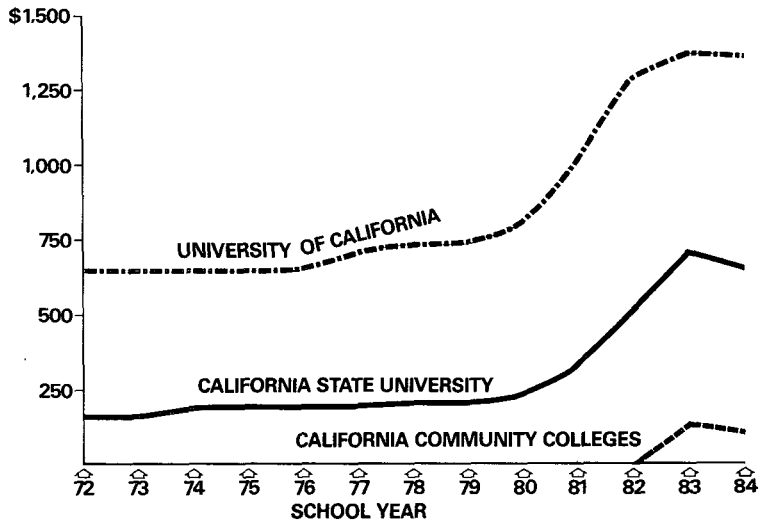
Community college support was again the most controversial fiscal issue in higher education. After the governor vetoed $43 million, the community colleges received an increase of 10 percent, a significant reversal of the pattern of reductions of the last few years but substantially less than the increases for UC and CSU. In addition to an increase in basic apportionments, the community colleges are receiving $8 million for deferred maintenance and $25 million for capital outlay projects.

Included in the governor's veto of community college funding was $10 million to begin implementation of "matriculating" — a systematic enhancement of counseling and testing processes to improve success and persistence rates of community college students. The governor indicated, however, that he was not so much opposed to such programs as he was to using the budget bill to create them. A specific matriculation bill, he indicated, was likely to be approved.

Reassessment and reform of the community colleges was a consistent theme during the 1984-85 budget deliberations, with numerous appeals to reexamine the mission and goals of the state's largest postsecondary education sector. There seems little doubt that such a reexamination is essential if the state is to rebuild a consensus regarding the appropriate role, financing and governance of the California community colleges.

Higher-education budget deliberations were generally harmonious, and controversies were neither numerous nor intense. Protracted debate occurred only over funding for the Life Sciences Building at the UC Berkeley campus, which was opposed by animal-rights advocates because of the alleged inability of the university to make satisfactory progress towards assuring the protection of animals used in science programs. The building was ultimately approved with a number of conditions. Another issue was California's growing default rate on loans made under the federal Guaranteed Student Loan (GSL) program. Several investigations and studies have been spurred by reports of default rates as high as 40 percent at some private

FIGURE 1 *Resident undergraduate required fees at the California Community Colleges, the California State University, and the University of California, 1973-74 through 1984-85, in actual dollars*



Source: California Postsecondary Education Commission

vocational and technical schools, 14 percent at community colleges, and 12 percent at CSU. These issues, however, were not overly partisan and did not pit Democrats against Republicans or the administration against the Legislature, thus ending the unfortunate conflicts over higher education. In fact, relations among the principal parties involved in higher-education budget deliberations — the segments, the administration and the Legislature — were remarkably cordial, given the torrent of accusatory rhetoric that flowed during the 1983-84 budget session.

The future

Nevertheless, several issues remain unresolved:

- Governor Deukmejian indicated in January 1984 that long-term plans would be forthcoming to deal with such critical areas as facilities maintenance, equipment replacement and student financial-aid. Even now, the nature of and long-term commitment for these plans remains vague. There is no long-range policy for setting and adjusting student fees that applies to all segments so that students and their families can plan their educational future with some predictability. As Figure 1 indicates, the steep rise in student fees in recent years has made such planning difficult.
- Future planning efforts must also address the problems created by a major shift in student interest from liberal arts to high-technology and other high-employment fields. State-of-the-art equipment can do little good without qualified faculty, and the need to meet enrollment demand in these hard-to-hire disciplines will require redirection of efforts and possible reallocation of resources by all segments of higher education. In the meantime, the depletion of many humanities and social science programs of students and resources is a growing cause of concern.
- The role of community colleges in California's system of higher education — including their transfer, vocational, remedial and general education functions — requires reexamination and a cooperative effort to more clearly define their place in California's comprehensive postsecondary education system.

Whether the current-year budget will mark the beginning of an era of greater support and higher priority in state funding for higher education is impossible to predict. Whatever the long term holds, this budget provides welcome short-term relief from fiscal crisis which undoubtedly damaged the institutions and limited some opportunities for students.

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LOCAL GOVERNMENT

By KEVIN BACON

The state's bailout of local government, begun in the wake of 1978's Proposition 13, was laid to rest this year. California's cities, counties, school districts and special districts are still getting extra money from the state to make up for property tax losses suffered under the 1978 ballot measure. In fact, they are getting more than ever.

But as a practical matter the bailout program — with its connotations of temporary relief until the locals get back on their feet — no longer exists. It has become such a regular part of state aid to local government that there is no longer a reason to treat it as a separate category. Formally, the end came on July 16th when Governor George Deukmejian signed SB794 and AB1849 — a pair of local government-finance measures that grant the locals another $348 million in state aid for fiscal 1984-85, giving them — including schools — a total of $7.1 billion in bailout funds for the year.

But the legislation also repealed a section of law that set bailout apart from other forms of state aid by making it seem like a temporary program. This was the "deflator," a sword of Damocles that constantly threatened local government with a radical reduction in bailout funds. Enacted in 1979, it said bailout would be reduced whenever state government began running short of money.

State lawmakers created the deflator to protect themselves. If fiscal disaster were to strike, and state government were to face a large deficit, the lawmakers did not want to be in the position of cutting state programs or even raising state taxes in order to keep bailout money flowing to the locals. Let the local politicians take care of themselves, they in effect declared. But now, with the deflator repealed, bailout becomes a routine state responsibility, on a par with everything else.

Perhaps the deflator would have been repealed eventually under any circumstances. But events last year — when it became the key weapon in a fiscal struggle between Governor Deukmejian and Democrats in the Legislature — no doubt generated pressure for its end. In fact, school districts then were exempted from its provisions as part of the big school bill last year (SB813), leaving cities, counties and special districts involved in the fight.

The battle began after Democratic leaders in the Assembly came up with a plan to generate more money for state programs by using the deflator as was intended back in 1979. Since state revenues were running at relatively low levels last year, the deflator was scheduled to take effect in fiscal 1983-84. However, the governor had proposed waiving its provisions and making only minimal cuts in state aid to local government. This is what Democrats had done during the previous two years, which also had been lean ones for the state. But Democrats this time said they would block any waiver. The deflator would be allowed to take effect and local government would lose $1.2 billion in state funds. However, the locals were not to be left without resources. They would be given authority to raise the sales tax in their areas, thereby not only replacing their loss but generating a few extra dollars besides.

But Deukmejian denounced the plan, calling it a thinly veiled attempt to produce $1.2 billion in new state revenues through an indirect tax increase. And, he warned, he would veto any legislation containing it. Thus, if Democrats had persisted, the deflator would have taken effect and local government would have lost $1.2 billion with no way to replace it. Initially, Democrats hoped that pressure from local government would force the governor to accept their plan. However, last September, after the Legislature's summer recess, they relented and dropped the idea themselves.

In any case, the deflator is dead and bailout funds are assured. However, local leaders may not have long to savor their success. Howard Jarvis has another tax-cutting initiative on the November ballot which, if approved by voters, would create another fiscal crisis for the locals. The measure, Proposition 36, would:

- change the way Proposition 13 was initially implemented, thereby requiring a one-time property tax refund of $1.3 billion;
- overturn two state Supreme Court decisions that allowed local governments to increase local taxes without voter approval;
- require a two-thirds vote before local governments could impose new fees or increase existing fees faster than the annual change in the consumer price index; and
- prevent taxes from being raised on a piece of property when it is passed to heirs of the original owner.

According to legislative staff estimates, Proposition 36 would cost local government over $2 billion during the next fiscal year.

Biggest threat

While the property tax-refund provision has attracted the most public attention, many feel the provisions dealing with fees pose the biggest long-term threat to local finances. Many key local services depend on fees rather than taxes. In 1982-83 over $6.8 billion in local fees supported such activities as county hospitals, water and sewer service, municipal electric utilities, transit services and major ports and airports. Most of these "enterprise" activities operate on a break-even basis with little or no tax support.

However, in order to expand these services to provide for growth and development in the state, fees must sometimes be increased more rapidly than the cost-of-living. The fear is that such fee increases will not receive the needed two-thirds local vote.

Three key business groups have announced opposition to Jarvis because of these concerns. The California Taxpayers Association, the California Chamber of Commerce, and the California Business Roundtable have all attacked the measure due to its growth-limiting impacts. While all three groups favor overturning the Supreme Court decisions attacked by Jarvis, each indicated that the fee provisions are too much of a threat to economic growth for them to endorse the whole measure.

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Early polls indicate that voters are evenly divided on the measure. The strong opposition of the business community, especially municipal bond underwriters, guarantees that the opposition will have the resources to mount a lively campaign.

Meanwhile, though, local-government finance is on a relatively stable base, the product of hearings and consultations that began shortly after last year's legislative session closed. Both the Senate and Assembly Local Government Committees, under chairmen Milton Marks and Dominic Cortese, respectively, held hearings to draft local-finance legislation. The governor's "new partnership" task force also drafted a plan to overhaul the local-finance system. Local officials, led by the county supervisors' association (CSAC), unveiled Project Independence — a proposed initiative to radically increase local fiscal independence by shifting state taxes and program responsibilities to local governments.

There was general agreement on three key aspects of any long-term package. All agreed that the AB8 "deflator" should be repealed. There was also widespread agreement that the various state subventions — or grants — to local government should be made more stable and predictable. This would be done by consolidating subvention programs and guaranteeing the local share of these revenues through a constitutional amendment.

Finally, there was support for a constitutional amendment that would allow property taxes to be increased beyond the Proposition 13 limit (one percent of assessed value) but only to repay general obligation bonds. Thus, with a two-thirds majority, voters could approve higher taxes for new government facilities, including schools.

Broad concerns

The governor's 1984-85 budget demonstrated the broad consensus on local finance. Implementing legislation carried by Senator Marks included the following: repeal of the deflator; restoration of $400 million in local vehicle license-fee revenues the state had taken in the past to balance its budget; a proposed constitutional amendment to restore local general-obligation bonds; a proposed constitutional guarantee of local vehicle-license and cigarette-tax revenues; and repeal of the state business inventory subvention to local agencies and its replacement with "supplemental roll" property tax monies previously earmarked for schools.

(In 1970 the state began exempting business inventories from local property taxation and reimbursing local governments for the lost revenue. Since 1980 business inventories have been totally exempt. However, state subventions to the locals have been fluctuating and there have been calls to end the program entirely.)

The Democrats' local package was similar to the governor's in nearly all respects. Authored by Assemblyman Cortese, it differed in only two areas. Counties were to be given the power to raise local sales taxes by a quarter cent on the dollar, and local agencies were to get $320 million more in property taxes than the governor's plan. But there was little support for increased county taxing powers. Opposition by business groups, including the California Chamber of Commerce and the California Association of Realtors, led to the demise of that plan. Also, the extra money never materialized.

The final obstacle on the path to enactment was a last-minute partisan squabble over who should get credit for the package. Assembly Democrats did not want Republican Marks to receive credit as the author of the long-term financing law. Marks, of San Francisco, had angered many Democrats by running for Congress in 1982 against a Democratic stalwart, the late Phil Burton. In retaliation, Senate leaders refused to let Assemblyman Cortese claim the honor. After weeks of maneuvering, the compromise allowed neither to claim credit. Instead, the financing package was divided into two bills authored collectively by the Assembly and Senate local government committees.

As mentioned, Deukmejian signed the bills July 16th. The bills' key features matched those originally proposed by the governor save for the addition of a five-year program of "supplemental grants" to local agencies to ease the phase-out of the business-inventory subvention. The governor originally opposed this feature but was persuaded by strong local lobbying efforts to add $81 million in first year funding to smooth the transition.

The two constitutional amendments endorsed by the governor's task force were moving through the Legislature. ACA55, authored by Assemblyman Cortese, would reauthorize property tax overrides to fund general obligation bonds. It appeared headed for a place on the June 1986 ballot. SCA23, authored by Democratic Senator Ruben Ayala, would create a constitutional guarantee of local revenues from the vehicle license and cigarette taxes. Its adoption was uncertain because of reluctance by some legislators to lose control over these revenues.

The bailout

Bailout began immediately after voters approved Proposition 13 in 1978. The initial rescue was contained in a one-year bill (SB154). In 1979 lawmakers gave the program more permanent form by enacting AB8. However, real permanency did not come until this year with enactment of SB794 and AB1849, a package that finally repealed AB8's deflator and made various other changes.

About 80 percent of bailout funds flow automatically to local government as state aid to public schools and as state payments for health and welfare programs that previously (before Proposition 13) were financed by counties. Disputes in recent years have centered on the remaining 20 percent. Essentially, this is property tax revenue that used to go to public schools but was shifted to cities, counties and special districts. The idea was to give them more incentive to approve property development since they would get the tax revenues from it.

However, as property tax revenues have grown, and the state's fiscal problems have worsened, the state has been recapturing increasingly larger amounts of this property tax revenue. The state doesn't take the tax money directly; it does so by reducing payments to local governments from other sources, such as revenue sharings from the motor vehicle fund. In the table below, these are shown as "subvention cuts." This year, the cuts were virtually eliminated. The $49 million is a bookkeeping device to mark a permanent cut that was made during bailout negotiations in 1981.

Local Government Bailout (in millions)

	78-79	79-80	80-81	81-82	82-83	83-84	84-85
SB 154 Block Grant	$835	–	–	–	–	–	–
AB 8 Tax Shift	–	$781	$921	$1,024	$1,149	$1,230	$1,351
Less – Subvention Cuts	–	(38)	(0)	(233)	(339)	(397)	(49)
Net Local Bailout	$835	$743	$921	$791	$810	$833	$1,302
Total Bailout (Including Schools, Health, and Welfare)	$4,359	$4,845	$5,500	$5,859	$5,665	$6,163	$7,082

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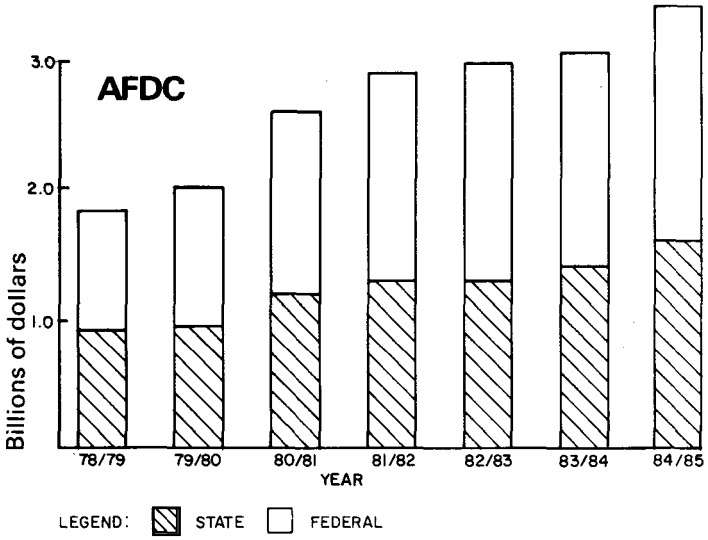
HEALTH AND WELFARE

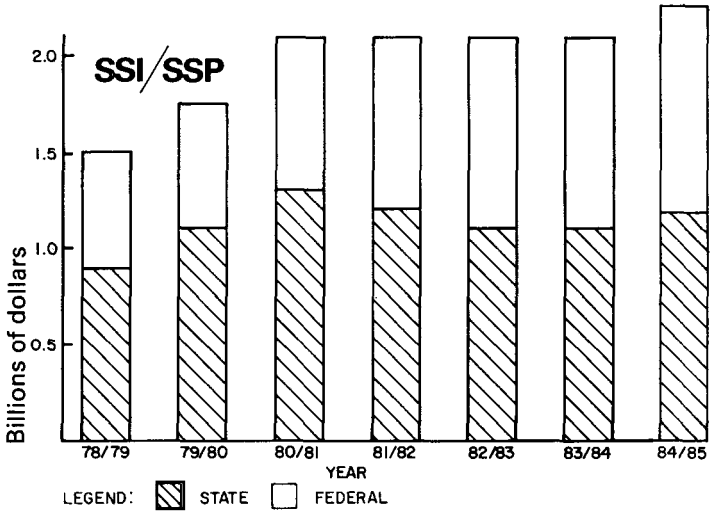
By JENNIFER KERR

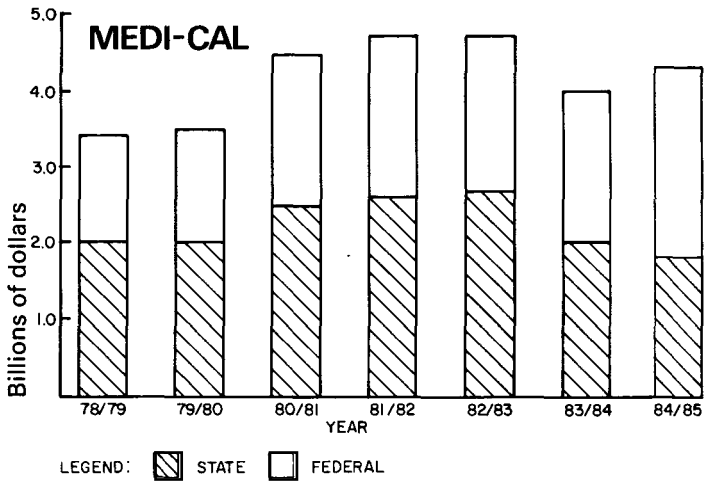
When Governor George Deukmejian last January presented California's first prosperity budget in four years, Democrats complained that it contained something for everybody but the poor. California welfare recipients — about 580,000 families and 650,000 aged, blind and disabled persons — were to get cost-of-living increases of only two percent, well below the 5.6 percent required by existing law.

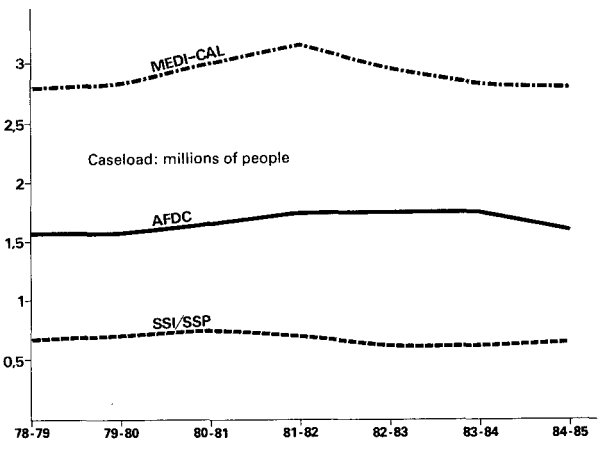
When the budget was signed six months later, the situation, ironically, had not changed. Welfare recipients were again the exception, but in reverse. Deukmejian got his way with most health-and-welfare programs, trimming augmentations added by the Democrat-dominated Legislature. However, he could not cut the welfare recipients to two percent. They received their full increase.

Jennifer Kerr is a Capitol reporter for the Associated Press.









Source: Legislative Analyst

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Deukmejian lost the welfare fight because the law that orders an annual increase can be changed only by enacting a new law. However, that requires legislative approval, which the Legislature's Democratic majority would not give. (The initial law, enacted as part of former Governor Reagan's welfare reform in 1971, says welfare recipients are to get annual increases to match whatever cost-of-living boosts are shown by the California Necessities Index, a scale similar to the Consumers Price Index.)

For recipients, this year's raise was their first full inflation-pegged increase since 1981. In that year, the Legislature, dominated then also by a Democratic majority, and under a Democratic governor, cut the statutorily required increase from 11.1 to 9.2 percent. In 1982, to avoid an election-year tax boost, Democrats gave no increase to welfare and most other state programs as well.

Last year, with the 1971 law requiring 5.7 percent, newly elected Republican Deukmejian said that California welfare recipients still were getting grants substantially higher than those in other states and asked the Legislature's Democratic majority to continue the zero-increase policy. Democrats refused, but later compromised with the governor at four percent.

However, many Democrats believed they made a serious tactical error last year by compromising early in the budget-negotiating process. Hoping that an early agreement would produce concessions from the governor in other areas, they were chagrined when, they say, they got none. This year, Democrats treated welfare as a non-negotiable issue and — despite Republican attempts to negotiate — refused to budge. As a result, monthly payments for California's major grant programs — Aid to Families with Dependent Children and Supplemental Security Income/State Supplemental Payment — went up the required 5.6 percent.

Benefits for an AFDC mother and two children, the average family on the program, rose from $526 a month last year to $555, beginning July 1st. They would have been $537 under Deukmejian's proposal. Benefits for SSI/SSP recipients vary and the increases don't take effect until January 1, 1985, because of federal law. But the monthly benefit for an aged or disabled couple will rise then from $886 now to $936, compared to $904 under Deukmejian's proposal.

But the AFDC increases may be short lived, for the November ballot carries an initiative that would slash benefits far beyond anything Deukmejian has proposed over the past two years. Sponsored by conservative Republican Assemblyman Ross Johnson of Fullerton, the measure — if approved by voters — would put a ceiling on state appropriations for welfare programs other than SSI/SSP. Essentially, it would cover AFDC and Medi-Cal, the vast program that finances health care for the poor.

The ceiling would limit California appropriations for family welfare and medical assistance to the average paid by other states plus 10 percent. According to the legislative analyst's office, it could reduce spending on affected programs by nearly 50 percent. However, Johnson notes, the Legislature could erase the ceiling in any year with a two-thirds vote.

Johnson contends that California has the most expensive welfare system in the nation, making 20 percent of all welfare payments to 10 percent of the national welfare population. Opponents generally reply that higher benefits are necessary in California because living costs — especially for housing — are above the national norm.

In his state-of-the-state speech last January, the governor again asked for "workfare," a program under which many AFDC parents (mostly mothers) would be required to work for their benefits. Deukmejian had made "workfare" a major element in his welfare reform package last year, but Democrats rejected it, calling it punitive. In his speech this year, Deukmejian declared: "There's nothing cruel or undignified about asking an able-bodied person, without very young children, to work for his or her benefits."

But Democrats again refused to consider it. The best the governor could do was get the Legislature, in the budget trailer

ABORTION FUNDING

For the sixth consecutive year, the state budget carries a provision denying abortion payments for women covered by Medi-Cal — the program that finances health care for the poor. And, as in five years past, the courts are likely to strike it down. As a result, the state will continue to pay about $31 million annually for some 100,000 Medi-Cal abortions.

The standard budget provision has denied abortion payments except when the mother's life is threatened or the pregnancy resulted from rape or incest. In its definitive 1981 ruling on the subject, the state Supreme Court said that such restrictions violate a woman's right to privacy.

Deukmejian's budget proposed in January contained only $13 million for Medi-Cal abortions. His proposed budget companion-bill had not only the usual restrictive language but also would have created a "special financing fund," so that money for abortions would run out even if the court struck down the restrictions. He and the Legislature had created a similar separate fund in the 1983-84 budget. But later in January, an appellate court in San Francisco, ruling on the 1983-84 budget, routinely struck down the restrictive language and told the state to pay for abortions from its general budget, despite the special fund.

Anti-abortion legislators in the Assembly, led by Orange County Republican Assemblyman Nolan Frizelle, tried some new restrictions. Inserted in the current budget passed by the Assembly was language ordering the controller not to pay for any abortions, no matter what any court said. But the budget conference-committee rejected that language.

So the budget contains the restrictions Deukmejian wanted and $13 million to pay for the abortions that meet the restrictions. The money is contained in a separate item within the Medi-Cal budget, but not in a special fund. Presumably, someone will go to court again and the restrictions will be struck down again. It is, as Democratic Assemblyman John Vasconcellos, himself an opponent of abortions, noted last spring, "what amounts to a charade."

The abortion issue also was entangled with the budget for the Office of Family Planning within the Health Services Department. The California Pro-Life Council and several conservative lawmakers asked Deukmejian to cut the office's budget severely, saying its money was used to encourage pregnant women to have abortions. Deukmejian cut $9.5 million from the office, leaving it with $31 million, but the cut related more the Legislature's refusal to give the money to locals in "block grants."

In the end, Deukmejian was criticized by both sides. The pro-life group protested that he had not kept his campaign promise to cut money for abortions. Norma Clevenger of Planned Parenthood Affiliates said state family planning funds were not used for abortions and called the $9.5 million cut "irresponsible."

(Jennifer Kerr)

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bill, to extend for one year a San Diego County workfare project that had been scheduled to terminate June 30th. That program requires mothers with children six years and older to attend two-week job-training workshops, followed by four-day-a-week jobs with private non-profit organizations or government agencies.

The $4 billion Medi-Cal program, which provides health care for more than two million poor Californians, was changed very little this year despite Deukmejian's proposal to expand a package of reforms enacted in 1982. Before the changes prompted by that year's tight budget, the Medi- Cal budget had been moving steadily upward and was close to $5 billion in state and federal funds. That 1982 legislation has saved more than a half billion dollars, according to the Health Services Department, by shifting the "working poor" to the counties, by changing eligibility requirements and by contracting with hospitals to provide Medi-Cal services.

The hospital shift was a first step towards changing Medi-Cal from the traditional "fee-for-service" to "capitation." Under fee-for-service, providers such as doctors and hospitals treat Medi-Cal patients and send a bill to the state. There is little incentive for providers to curb costs. Under capitation, the providers sign contracts to provide health care for a specified price. It is thus to their advantage to emphasize preventive medicine and limit expensive treatments (see "Dueling for Dollars," *CJ*, November 1983).

Several bills have been pending in the Legislature since 1983 to move the entire Medi-Cal system to capitation, but none made any progress during 1984. The last surviving bill, carried by Republican Senator Ken Maddy of Fresno, was killed in June by the Assembly Health Committee. It was a modest effort, backed by the administration, for a pilot project in one area of the state. Under it, the state would have contracted with provider groups to provide care for about 250,000 Medi-Cal beneficiaries.

Some Democrats don't like capitation at all, saying it could lead to "second-class" health care for the poor. At the heart of the stalemate, however, is an issue of turf. Deukmejian wants his Health Services Department, which oversees Medi-Cal, in charge of the new program while Democrats prefer the California Medical Assistance Commission, a body created by the 1982 legislation to run the hospital contracting program. Its members are Democratic appointees; the chairman is Richard Silberman, once finance director for former Democratic Governor Jerry Brown.

Also on Medi-Cal, the governor vetoed the Legislature's second attempt to give counties an additional $30 million to handle the Medically Indigent Adult Program. These "working poor" had been covered by Medi-Cal, but the Legislature transferred them to county governments as part of the 1982 Medi-Cal reforms. To reimburse the counties, the 1982 law gave them $470 million, or 70 percent, of what the state had been paying for health care for those people in 1981-82. Generally speaking, counties can provide care at lower cost because they don't give as much as the state and because they give it at county hospitals. Under Medi-Cal, poor persons may visit any private physician who will treat them.

For the second time, Deukmejian was unsuccessful in persuading Democrats to give counties lump-sum "block grants" for various health programs instead of giving them a budgeted amount for each. Deukmejian maintains block grants would save administrative money and give counties more flexibility, but Democrats contend some counties might slight less popular programs and give more money to others.

However, Deukmejian scored a modified success in another of his State of the State proposals — "to improve the care and treatment of the mentally ill." He proposed shifting the control of community-based mental health programs from the state to the county, a variation of the "block grant" approach. The bill containing the restructuring, carried by Republican Assemblywoman Sunny Mojonnier of Encinitas, passed the Assembly and appeared headed toward Senate approval. The budget contains $364 million for local mental-health programs, a 15 percent increase. It also assumes the state will save $1.6 million from decreased administrative costs.

For most other health-and-welfare programs, the final budget product was much the way Deukmejian presented it in January.

TRANSPORTATION

By ADRIANA GIANTURCO

For most state programs the new 1984-85 budget is a feast following the 1983-84 famine. For transportation, however, the lean times ended more than a year ago when revenues from hefty increases in both state and federal gas taxes began pouring into the special accounts that support Caltrans and assorted other, lower-cost programs and agencies, such as the California Highway Patrol and the Department of Motor Vehicles. Last year's $2.3 billion Caltrans budget was 30 percent higher than the budget enacted during the final year of the Brown administration, and the 1984-85 budget calls for spending to go up to a record $2.5 billion — a tab that the state and federal governments will split roughly down the middle.

But while Caltrans is definitely on a financial roll, not all parts of the transportation program are sharing equally in the current bonanza, and warnings are also coming from some quarters that the state may have to raise gas taxes again if it's going to sustain the high level of over-all transportation spending much beyond this budget year.

As in the past, most of the money in the 1984-85 Caltrans budget is slated for highways, with transit receiving a relatively small allocation and aeronautics treated as not much more than a footnote on the financial spreadsheets. In all, Caltrans will spend 91 percent of its new budget, or $2.2 billion, on highways and bridges — $246 million more than last year. Transit will draw down eight percent of the budget, or $204 million. However, the latter number is not directly comparable to the $2.2 billion for highways because it could leverage as much as $295 million in additional federal funds. If all the money is approved, which appears unlikely at this time, it would help finance several projects, headed by Metro Rail in Los Angeles.

State funding for transit is lower than last year, mainly because Caltrans is winding down its participation in a single project — the Sacramento light-rail system — and isn't backfilling the void with other transit work. It was in the transit area, too, that the governor vetoed the only transportation item of any substance: a $2 million appropriation the Legislature added for a new train from Monterey to San Francisco.

Within the highway sector, by far the biggest chunk of the budget is set aside for building a few new roads and interchanges. The budget earmarks $777 million for the construction of so-called "new facilities," while less than half that amount — $339 million — will be used to rehabilitate worn-out segments of the existing 15,200-mile state highway system.

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Major new highways on which construction will start during the year include a 3.5-mile bypass of Roseville in Placer County (total cost $64.8 million), a 5.5-mile freeway along Route 52 in San Diego County (total cost $64.9 million) and a 9.9-mile realignment of Route 101 around the Redwood National Park in Humboldt and Del Norte counties (total cost $101.7 million).

The new budget's provisions, however, tell only part of the story about where the state is heading in transportation. Most large-scale highway projects, and transit projects too, take years to get ready for construction, and the construction process itself is often divided into several stages typically spanning two or more budget years. For this reason, what Caltrans does is governed not only by the Legislature's one-year appropriations but also, and equally important, by a five-year spending plan called the "State Transportation Improvement Program" (STIP) which includes the budget year and the four years after. The STIP is updated each year in tandem with the budget by the California Transportation Commission, an independent body whose seven voting members are appointed by the governor.

The 1984 version of the STIP, adopted in late June and covering the period 1984-85 through 1988-89, makes clear the state's intent to continue to emphasize building new highways over repairing existing highways and over developing transit. For the full five years the new STIP earmarks $12.5 billion for highways and bridges; $5.4 billion will go for various new highway projects — which Caltrans says will total 135 miles in length, for an average cost of $40 million per mile — and $1.3 billion is to pay for rehabilitating old and deteriorated roads. Transit projects are to receive $618 million during the five-year period, with the allocation shrinking year-to-year down to $71 million in 1988-89 — just one-third the level in the budget year and enough to build not quite two miles of new highway.

Can all the highways planned for 1984-85 and the subsequent four years be built without increasing taxes? While Caltrans Director Leo Trombatore says they can if resources are managed carefully, the Transportation Commission and the legislative analyst say probably not. They warn that revenues are likely to fall short of planned expenditures over the STIP period by an amount somewhere between $350 and $550 million, and this deficit may show up as early as 1986-87. On top of that, for many projects the STIP contains just a down payment and not full funding. According to a staff report presented to the commission before it adopted the STIP, the state may need to come up with as much as another $300 million over the next few years to wrap up work on these partially-financed projects and to avoid dotting the landscape with a new set of roads to nowhere, dangling interchanges and unused, weed-choked rights-of-way.

Financial matters are less complicated for the state's other two transportation agencies — the California Highway Patrol and the Department of Motor Vehicles. CHP funding for 1984-85 is set at $401 million, and the patrol is continuing to hire new officers as required by AB202 — a 1981 bill by Democratic Assemblyman Lou Papan of San Mateo designed to take the steam out of recurrent demands for radar to catch speeders on state highways. The 1984-85 appropriation for the Department of Motor Vehicles is $262 million, up from $245 million last year.

3 YEARS OF TRANSPORTATION BUDGETS

(in millions)

	1982-83	1983-84	1984-85
HIGHWAYS	1,509	1,986	2,232
New facilities	415	518	777
Operationa improvements	175	229	259
Rehabilitation	172	395	339
Maintenance	381	388	409
Operations	54	61	63
Program development	16	16	19
Local assistance	296	381	365
MASS TRANSIT	209	253	204
AERONAUTICS	5	6	7
TRANSPORTATION PLANNING	13	16	19
TOTAL	**1,736**	**2,261**	**2,462**

Source: 1984-85 governor's budget as approved

SOURCES OF TRANSPORTATION FUNDS

(in millions)

	1982-83	1983-84	1984-85
FEDERAL FUNDS	831	1,048	1,139
STATE FUNDS	732	1,025	1,209
REIMBURSEMENTS	**173**	**188**	**114**
TOTAL	**1,736**	**2,261**	**2,462**

Source: 1984-85 governor's budget as approved

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BONDS

By DANIEL C. CARSON

Just when it appeared that the 1984 budget ballgame was over last June, Democratic lawmakers hit a sharp line drive at George Deukmejian. Caught by surprise, the Republican governor bobbled a bit before making a less-than-winning play. For those who don't like baseball metaphors, it could also be called the opening skirmish in what promises to become a long-running Battle of the Bonds.

Bonds, of course, are long-term debt. When the state sells a bond issue, it is actually borrowing money for some immediate need — such as prisons, school buildings or parks — and promising to repay, with interest, over some long time-span, like the next 40 years. Thus, every bond issue places a burden on taxpayers of the future. But how much of a burden should they be required to bear? If it is too great, they may be unable to repay and cover their immediate needs as well.

In the name of future solvency, Deukmejian last April set forth a new doctrine — a $1 billion limit on the total of bond issues that could be placed before voters at each election. But in his first effort to enforce the doctrine, he found that he had misread his legislative support and was forced to accept considerably more than he wanted — $1.65 billion in bonds — for the November ballot.

We are speaking here of general-obligation (GO) bonds, which are repaid from general state revenues. So long as the state itself is in good fiscal health, a GO bond will be repaid. Both state and local governments also issue revenue bonds — a type of debt that is repaid by revenues from whatever project the bonds have financed. In this case, repayment is a bit chancier because so much depends on the quality of the project involved. As a result, borrowers usually want higher interest rates for revenue bonds than for the GO variety.

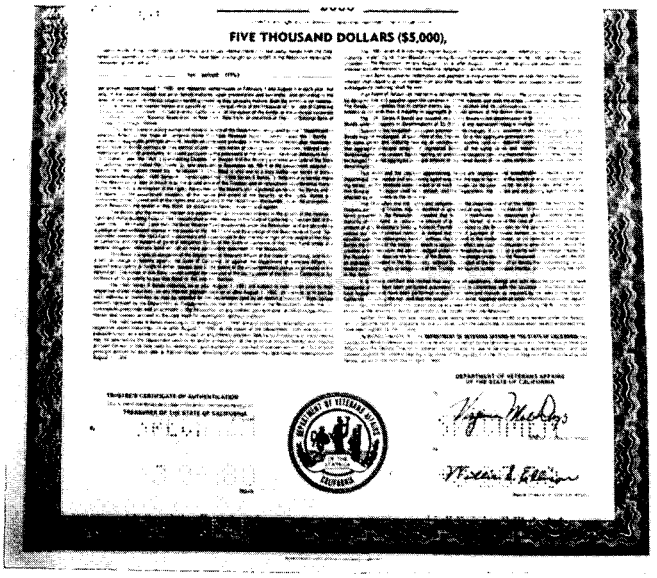
While the amount of GO bonds authorized by voters has varied widely from election to election, the amount actually sold through the treasurer's office has remained fairly steady since 1978 and is projected at $835 million for the current fiscal year. (At the start of this year, the state had $6.6 billion in GO bonds outstanding with another $2.2 billion authorized by voters but not yet sold.)

However, although bond sales may be stable, interest rates have been rising rapidly over recent years. As a result, bond repayments (known as "debt service") are taking bigger and bigger chunks of current revenue. Three years ago debt service cost the state $262 million. In this fiscal year it's up nearly 50 percent to $391 million.

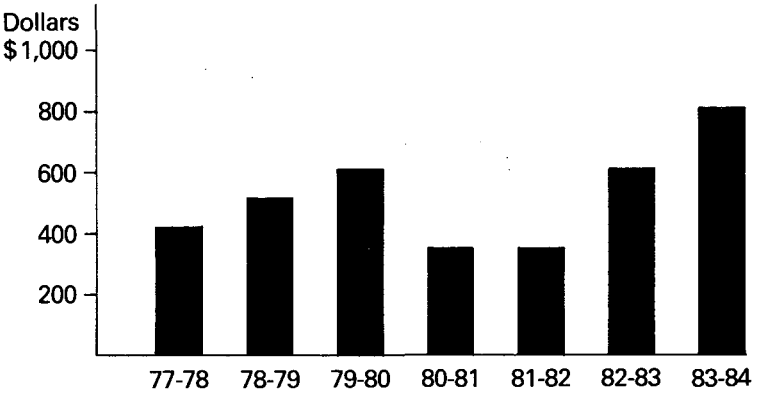
Jesse Huff, the governor's finance director, says a more detailed examination of the financial implications of bond issues, and what must be done to ensure the state does not overborrow, will be made in connection with next year's budget. If the state isn't careful, he says, it could someday find itself in the same fiscal mess than once swamped New York. Bonds, he says, are not a free lunch.

But it may be difficult to convince Democrats to go along. If they have their way, the state's financial clout will be used to borrow more billions to support construction of local government "infrastructure." An Assembly Office of Research study has found a $24 billion shortfall in paying for such local facilities as streets, bridges, public transit and waste disposal over the next decade, and it recommended state involvement to help pay for them.

Daniel C. Carson is a Capitol correspondent for the San Diego Union.



Annual Sales of State Bonds
1977-78 through 1983-84 (in millions)[a]
General Obligation Bonds



[a]Source: California State Treasurer Data as of June 20 of each fiscal year.

The big fight this year centered on the 62-year-old Cal-Vet program, which finances low-interest farm and home loans for California veterans. In line with his $1 billion limit, Deukmejian declared that a proposed $850 million bond issue to finance more veterans' loans be cut to just over $400 million. With obvious relish — considering that the program is highly popular and that there are an estimated 3.4 million veterans in the state — Democrats placed the $850 million bond on the governor's desk.

Perhaps not coincidentally, the issue reared up precisely as Deukmejian was getting heat from veterans groups over his appointment and continued support of Andres Mendez as director of Veterans Affairs. The Veterans of Foreign Wars, disturbed by reports that Mendez was under investigation for allegedly pocketing Deukmejian campaign funds, and resentful that not enough veterans were getting key department posts, had urged Mendez' ouster in a well-publicized resolution.

To make matters even more difficult for Deukmejian, the bill that landed on his desk had a Republican author — Assemblyman Ross Johnson of La Habra — who had refused to amend it to reflect the governor's desires.

Then Democrats put on a squeeze play — passing another $650 million bond issue, authored by Democratic Senator Leroy Greene of Sacramento, to the governor to finance construction and rehabilitation of public schools. Given the widespread public pressure for bettering primary and secondary schools and the backlog of projects in suburban Republican

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legislative districts, Democratic lawmakers again put Deukmejian on the spot. The governor had insisted on little more than $300 million in bonds for those purposes.

But Deukmejian, who has played more than a little hardball himself, vetoed both measures and tried to pressure Democrats by issuing a statement urging the legislative majority to quickly send him substitutes with a pared-down price tag. But his plan did not work. VFW members descended on the Capitol in full battle dress and intensely lobbied Assembly and Senate members for the full amount. Assemblyman Dick Floyd of Hawthorne, pressing for an Assembly override of the Cal-Vet veto, denounced Deukmejian in a floor speech as "the evil Duke (who) did a cowardly, cold, callous act." In interviews, even Republican Johnson derided the governor's proposal to cut the Cal-Vet bond measure as "idiotic, ridiculous." Superintendent of Public Instruction Bill Honig hurriedly called a press conference to express his disappointment with the school-money veto and said failure to pass such a bill would be a "tragedy for public education and the children of this state."

Within a day, the pressure had peaked and the governor agreed to up the ante. But the Democrats were not about to let him and his Republican legislative allies off the hook so easily. The Sente voted to override the school-building veto — the first time either house had taken such a step during the Deukmejian administration. A Cal-Vet override failed in the Assembly, but only by a single vote. The count was 53-8, one short of the needed two-thirds majority.

The political damage done, serious negotiations commenced on the size of the fall bond package. The result was the governor's signature on six different bond measures involving $1.65 billion in added debt, including $450 million for schools and $50 million for senior-citizen centers. Deukmejian called in leaders from veterans' groups and the television cameras to record a formal bill-signing ceremony for the compromise $650 million Cal-Vet bond issue. Also on the ballot will be clean-water bonds, $325 million; hazardous-waste-removal bonds, $100 million; and safe-drinking-water bonds; $75 million.

State Treasurer Jesse Unruh, who has conferred with administration officials on the question of bond limits, believes the governor is wrong. California ranks among the bottom four or five states when its amount of outstanding debt is compared with the size of its budget, Unruh says. It would have to dramatically escalate its sale of bonds for years to get into serious financial trouble, he adds. Unruh, former Assembly speaker and a Democrat, says he advised the administration early that the original $1 billion per election limit was not "realistic" and that the state could easily afford $1.6 billion to $1.8 billion this November — just about what was finally approved.

Years ago, Speaker Unruh watched a governor named Ronald Reagan raise taxes, then take credit for tax cuts. Today he subscribes to the widely held notion that Deukmejian is intent on keeping debt service from growing significantly so as to make possible a major tax cut in time for his 1986 reelection bid. "I'm sure that's in the minds of his political strategists," Unruh says.

But Deukmejian's finance director has another view. "At some point in time the voter will reach a threshold level and become concerned about the wholesale issuance of debt. If we ask for too much, some of it is going to be turned down. Wouldn't we be better off carefully scaling things so that the various programs that might be desired all have a good chance of passage rather than risking one or more of them?" asks Huff.

A SLIMMED-DOWN TRAILER BILL

By RICHARD THOMSON and FRED SILVA

It has become an annual event for the Legislature to pass a budget trailer bill — a piece of legislation meant to bring the budget into technical balance. Although lawmakers have been passing these bills since 1980, last year's version proved something of a monster, and at 355 pages it figured as prominently in the budget battle as did the budget itself (see "The Incredible Hulk," CJ, September 1983).

This year, the trailer shrank to a modest 103 pages, and although the final bill did little more than implement technical provisions of the budget — like authorize short-term borrowing to meet the general fund's monthly cash-flow needs — an early version mandated "comparable worth" adjustments in state salaries, automatic cost-of-living increases for the community colleges, and wage hikes for state prison inmates. These proved objectionable enough for Assembly Republicans to defeat the bill once and, backed by the governor, promise further defeats until the objectionable parts were removed.

The state Department of Finance came up with the "trailer bill" idea in 1980 to overcome a specific problem: There were so many automatic cost-of-living increases written into state law that the cost of government was rising faster than state income. Thus, to balance the budget, the COLAs had to be cut back. But the budget bill itself could not carry those amendments since the state Constitution requires but one subject in a bill and the subject of the budget is state appropriations. Another bill — whose subject was "fiscal affairs" — was needed for the amendments.

But the topic "fiscal affairs" is broad enough to accommodate almost any provision, and the bill itself is exempt from routine committee scrutiny, being drafted largely by the conference committee that drafts the final budget version. Furthermore, the governor — who needs the trailer bill to balance the budget — is likely to accept provisions that he might veto if presented in separate legislation. As a result, the bill became a vehicle for many questionable proposals.

This year, however, most of the reasons for the trailer bill suddenly did not exist. The economic recovery gave the state sufficient money to fund its programs without further cutbacks. Because of reduced inflation, COLAs did not need to be adjusted (though the governor proposed to reduce them). Aid to local agencies and schools was not reduced — it was expanded. And finally, the advantage of the trailer bill as a vehicle for questionable proposals significantly decreased when the Senate adopted strict rules for monitoring amendments made in conference committees.

This year's conditions seem likely to extend into next year. Thus, if the administration and the Legislature wish, the curious phenomenon of the budget trailer bill could be put to rest — at least for a while.

Richard Thomson is chief counsel to the Senate Judiciary Committee; Fred Silva is senior fiscal advisor to Senate President pro Tem David Roberti.

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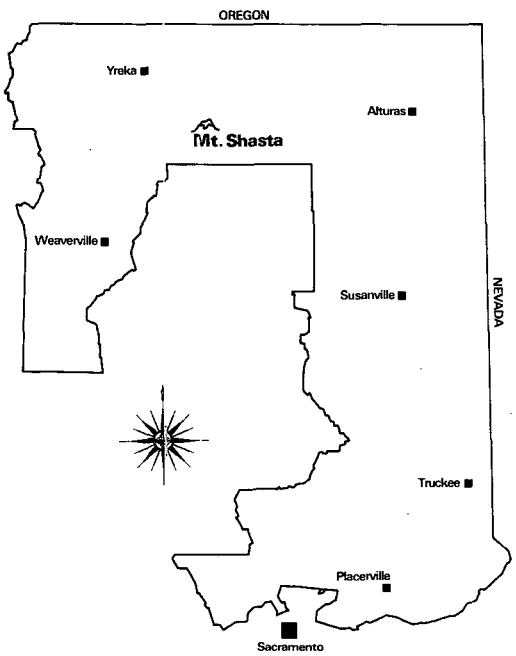
NORTHERN CALIFORNIA PROVIDES THE SENATE'S HOTTEST CONTESTS



SENATE DISTRICT 1

A NASTY LITTLE WAR

By DAN WALTERS

To one of his detractors, Ray Johnson is a "senile old man." But Johnson says that John Doolittle is a "puppet on a string."

And that sets the tone for what is becoming California's noisiest 1984 political campaign — an expensive, bitterly contested struggle between two state senators vying for one seat.

Johnson, a 72-year-old Republican-turned-independent, and Doolittle, a 33-year-old protege of conservative guru H.L. Richardson, are dueling in the 1st Senate District, which sprawls over a vast area north and east of Sacramento.

It is a study in contrasts: old vs. young, conservative vs. moderate, rural vs. urban, old-fashioned campaigning vs. high-tech wizardry. But mostly it's a skirmish in the endless struggle between the two major wings of the California Republican Party.

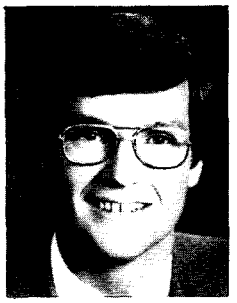
Johnson, a senator since 1976, and Doolittle, who won his seat in 1980, were thrown into the same district by a backroom reapportionment deal that was struck in late 1982. The deal so angered Johnson that he bolted the Republican Party, became an independent and spurned not-so-subtle hints that he retire. And it touched off more than a year of Sacramento skirmishing between the two, evolving into an intense personal feud, that preceded the official campaign.

Johnson, who retains his position on the powerful Senate Rules Committee despite the partisan defection and despite periodic Republican efforts to dump him, used his seat to thwart Doolittle's efforts to become the official representative of the 1st Senate District. Doolittle was denied permission to open district offices and begin sending out official newsletters.

Forays

That compelled Doolittle to make privately financed forays into the district, often accompanied by Richardson, well-known in the conservative and gun-owning rural areas. Richardson and Doolittle, decked out in hunting togs, would go on hunting trips to the area and spend as much time giving newspaper and radio interviews as pursuing game.

"Now I'm running in a district where nearly everyone has a pickup and a gun," Doolittle said on one of his jaunts. And it was on another that Richardson referred to Johnson as "a senile old man." Johnson stepped up his own visibility in the district as well, maintaining a schedule of appearances that belied his age and selling himself as a local man who is independent of mind as well as of party. The Jimmy-Stewartish Johnson and the boyish-looking Doolittle made a study in contrasts during their rare joint appearances. They tried to outdo each other in showering local civic events with Senate resolutions and other tokens of official esteem. And they competed to carry local-interest bills and block each other's legislative efforts. They were gearing up for what they knew would be a difficult race.


DOOLITTLE

JOHNSON

Johnson scored one tactical victory when the Senate's Democratic leadership decided to stay out of the race. There is a Democratic candidate — little-known Shingle Springs retiree Jack Hornsby — but he's on his own, without the large infusions of party cash that he would need for a serious race. The presumption is that Senate President pro Tem David Roberti figured that even a strong Democratic candidate would have a tough time in this conservative district and probably would do little more than take votes from Johnson, thereby giving the election to Doolittle. Preferring Johnson to Doolittle, Roberti said, in effect, "Include me out."

One Democrat "included in" is Tim Howe, a former top aide to Democratic Congressman Vic Fazio of West Sacramento. Howe has signed on to run Johnson's reelection effort, thus giving Johnson's independent campaign a Democratic bent.

Doolittle hopes to overcome Johnson's better name-identity and the lack of a serious Democratic challenger by outspending his rival. The Doolittle camp is talking about a $750,000 race while Johnson expects to raise a third of that amount.

Those who have analyzed the 1st District makeup believe that the Republican voters may hold the key. Republicans generally support their

Dan Walters is a columnist for The Sacramento Bee.

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party nominee overwhelmingly, and a solid GOP vote for Doolittle probably would be enough to win if Johnson and Hornsby split the Democrats.

Johnson, however, is making a major pitch to Republicans and has lined up a number of veteran GOP leaders from the area as supporters. That, in turn, has rekindled the ancient ideological war between conservative and moderate factions. Some of the Doolittle partisans, in fact, have tried to get such Johnson supporters as Roy Brophy and former state party chairman Mike Montgomery drummed out of the party hierarchy. The crossfire has persuaded Governor Deukmejian and other state party leaders to stay out of the Johnson-Doolittle battle.

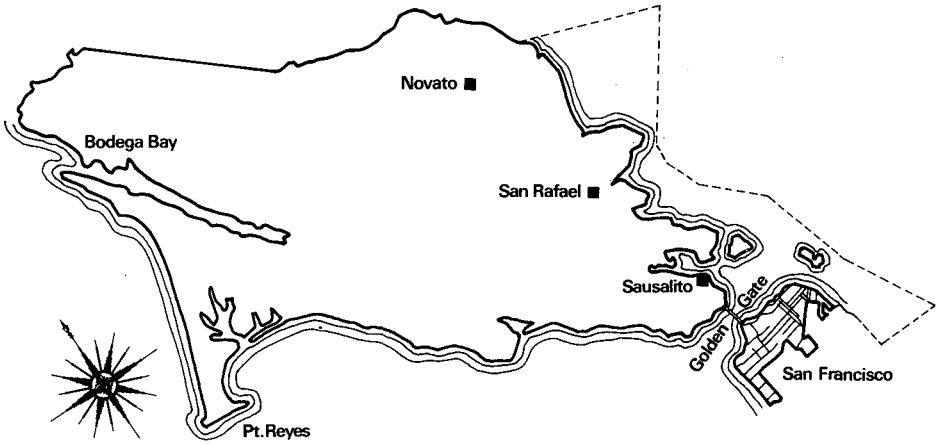
Water

Beyond the name-calling and the appeals to party loyalty, the major issue of the 1st District campaign is expected to be water. Johnson, running against popular sentiment in the area, supported ex-Governor Jerry Brown's plan to ship more water to the San Joaquin Valley and Southern California via the Peripheral Canal. Johnson also was an early backer of Deukjmejian's alternative to the Peripheral Canal, and Doolittle has been hammering hard on what he characterizes as a betrayal of Northern California interests.

But Doolittle undercut his own position when he voted for the Deukmejian plan in committee. He quickly did a 180-degree turn on the matter and after his own local water legislation was killed, Johnson abandoned the Deukmejian water plan, too. Going into the final months of the campaign, then, both are on record as opposing water shipments south after doing flip-flops.

The outcome of the Johnson-Doolittle contest could be critical to Republican fortunes in the Senate. Although they once threatened to take control of the 40-member Senate, the Republicans now hold only 14 seats. If Doolittle loses and the Republicans lose a race for an open seat on the San Francisco Peninsula, GOP strength will drop to 13 and Democrats will command two-thirds of the Senate votes — an important thing in passing urgency and appropriation bills, such as the state budget, and in overriding gubernatorial vetoes.

And that, in turn, could retrigger a renewal of the Senate's Republican power struggle. The moderates, ousted by the Richardson-led coup in 1983, would like to stage a comeback and are looking at what happens in the 1st District as a major clue to their future.



SENATE DISTRICT 3

A BIG-NAME BASH

By MARSHALL KILDUFF

Four years ago Republican Milton Marks had such a lock on his job in the state Senate that he had no major opponent and ran with the endorsement of big-name Democrats and groups like organized labor that traditionally supported Democrats. But that was before Marks mounted a 1982 congressional challenge to the late Phil Burton, the King Kong of state Democratic politics. Marks was trounced by Burton, showed himself to be vulnerable, fell $300,000 in debt — and forfeited the continued loyalty of some of those Democratic friends.

This year — thanks in part to a political hangover from 1982 — Marks faces a Senate challenge that might keep San Francisco's election season lively, if nothing else. His opponent: Lia Belli, a youngish woman with a famous last name, lots of liberal money and a personality makeover. The early line: The 35-year-old Belli has an uphill battle against one of San Francisco's enduring political legends.

To make matters more interesting, Marks, 64, has a revamped district that adds plenty of new turf — all of it in Marin County — but drops those portions of San Francisco where he was well-known as a tireless glad-hander. Not that Marin County adds to Marks' reelection burden; for all its peacock-feather and hot-tub image, the place votes squarely Republican.

Lia Belli is the fifth wife of Melvin Belli, the famous personal-injury lawyer and showboat millionaire. She has worked for the Carter White House as a political and trade liaison, raised money for the Democratic Party and thrown countless benefits at the couple's mansion located in San Francisco's posh Pacific Heights area. She has also headed the California Democratic Council (CDC), true-blue keepers of the liberal flame.

Among the political cognoscenti, Belli is regarded with slight amusement — a lofty talker who is fond of pious phrases and absent the common touch so basic to Marks. "There was some stiffness and stage fright," one Belli observer admits. But judging by a recent interview, she has become a more relaxed and assured campaigner over the past few months.

A rough campaign ahead?

The campaign itself may get a bit rough. Marks says he "just might" bring up some of CDC's left-of-center stands. "They're not exactly in the mainstream of the Democratic Party," he says. But being a lefty is no real crime in San Francisco, which voted against the death penalty, marijuana laws and Proposition 13.

Marks also has something in his past to fear — that disastrous Burton race. To some Democratic Party leaders, Marks must atone for his challenge which some claim broke Burton's health for good. (He died six months after the election.) Belli says she won't use such talk publicly, but "It's out there for sure."

Though the district has a two-to-one Democratic edge in registration, Marks' campaign manager — Clint Reilly — claims that figure is "not really the key reality." Marks has tra-

Marshall Kilduff covers San Francisco politics for the San Francisco Examiner.

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MARKS

BELLI

ditionally been a vote-getter among Democrats in San Francisco and will have the endorsement of the Sierra Club and some labor organizations (although the longshoremen, Marks backers in the past, have snubbed him because of the Burton challenge). Plus, Marks can count on more Republicans than in the past, thanks to Marin County.

While Marks' advisors admit that lingering animosity from the Burton race will be a problem, they say the senator's campaign will take aim at Belli herself. She is lacking in "life experiences" — a guarded way of saying she is a wealthy liberal who has held few paying jobs. Belli defends herself by noting that Marks himself is a millionaire according to recent financial disclosure statements.

Politically, Marks is an established veteran who chairs a Senate standing committee (local government), a select committee (maritime industry) and a local-government subcommittee (on the disabled). He is also regarded as "good on the issues" dear to the hearts of gays, women, environmentalists and labor. As the saying goes, he is a Republican who votes like a Democrat.

He buttresses this balancing act with one of the most relentless "smile-and-wave" schedules known to modern man. On a busy night, he will hit up to a dozen banquets, rallies, testimonials or benefit car washes. Or his wife or three college-age kids will. "I like to get around," he says.

Waiting for the crowd

Belli counters that affability isn't enough. "He never shows any leadership when it counts. He always waits until the outcome is clear and then votes along with the crowd," she says, a complaint that many Sacramento observers would support.

Belli says that Marks' liberal image is a sham in many ways, and she draws attention to the Burton race when he raised money at rallies attended by such conservative thunderbolts as then-Secretary of Interior James Watt and former Secretary of State Alexander Haig. She claims he's also raised money from Moral Majority sources and has a poor voting record on toxic waste and small business issues. Whatever the source, money will come in handy as each side is preparing to spend up to $500,000.

One sidelight is the rivalry between Reilly — a high-budget campaign wizard who is handling his first Republican after a string of Democrats — and Belli advisor Richard Ross, a close associate of Assembly Speaker Willie Brown. The last time these two butted heads, Reilly lost. His candidate for Alameda County supervisor, the son of Congressman Pete Stark, finished third behind Ross' client, an associate of state Senator Bill Lockyer.

Both campaign managers are on the verge of the California big-time — statewide senatorial or gubernatorial races, along with major ballot measures with monster budgets. Only one can emerge on top in the Marks-Belli race, and a chance to name his price in the next war. As of late July, Ross would seem to have the taller mountain to climb toward victory in November.

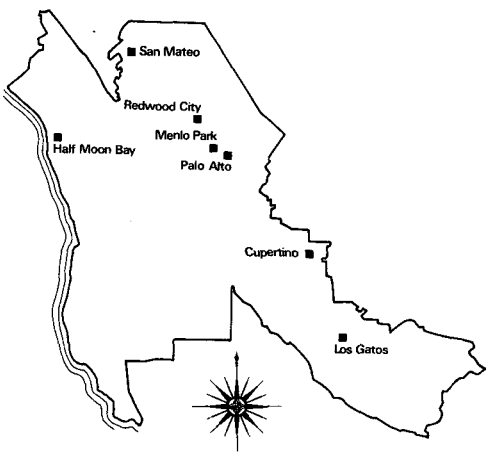
SENATE DISTRICT 11

TWO SUPES COLLIDE

By MARK SIMON

The wizards who reapportioned state senate districts in the high-tech country north and west of San Jose thought they had created a safe seat there for Republicans. But a Democrat in search of legislative resurrection is making a race of it and the outcome — in the 11th District — is in doubt.

The Democrat is former state Senator Arlen Gregorio. Defeated for reelection in 1978, he turned to local politics and now sits on the San Mateo County Board of Supervisors. The Republican is Rebecca Morgan, a member of the Santa Clara County board. No slouch as a campaigner, she came from far behind in the June primary to defeat a pair of former senators — Marz Garcia and Dan O'Keefe — who initially believed that one of them was the certain victor.



The 11th itself is an odd-shaped district created by Democrats in 1982 to collapse two Republican districts into one. Geographically, it covers the southern half of San Mateo County and the northern and western sections of Santa Clara County.

Morgan

Morgan was first to enter the race. As a Santa Clara County supervisor, she was fairly well known in that part of the district and had strong support among executives in the high-tech field. (Her husband is founder of an electronics firm and she had been a corporate loan officer for a Bank of America branch in Silicon Valley.)

Among those who convinced her to run were former Congressman Pete McCloskey, whose endorsement was prominently featured in her campaign material, and GOP moneybags David Packard, whose co-chairmanship of her campaign opened checkbooks around the state. (She was a top fundraiser in the primary election.)

According to the polls, she started from behind in the primary and remained an underdog throughout. A long-shot gamble on $200,000 worth of early media advertising probably helped close the gap. But the turning point was a series of slashing attacks on Garcia — who was her major opponent — for his support in 1982 of the Peripheral Canal, the project to move more Northern California water to the south.

In person, she shows none of the hyper aggressiveness that one associates with politicians given to slashing attacks. A 45-year-old native of Vermont, she is pleasant and friendly, but still with a New England reserve. On primary election night, after her

Mark Simon is a reporter for the Peninsula Times-Tribune *in Palo Alto.*

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come-from-behind victory, she told a yahooing audience that she was "pleased." On that same night, she interrupted an interview to admonish her college-age son, whose exhuberance had driven him to the mildest of obscenities.

Looking forward, she has allied herself with Senate Minority Leader Jim Nielsen, meaning that — if elected — she will support him in whatever challenges he might face from Senator Bill Campbell's faction in the Senate Republican caucus. In exchange, she says, she has been guaranteed a seat on the Senate Education Committee, a position in line with her continuing interest in the public schools. She is a former school teacher and a former member of the Palo Alto school board.

Gregorio

Gregorio ran virtually unopposed in the Democratic primary; his lone opponent withdrew late in the campaign, although his name remained on the ballot. Gregorio responded to the lack of competition by running also as a write-in candidate on the Republican side. He wanted to demonstrate, he said, his commitment to allowing voters to cross party lines in primary elections. Gregorio gained few Republican votes, but won considerable publicity and was allowed to address some Republican campaign forums.

GREGORIO

MORGAN

Gregorio, 52, is running for his third term in the Senate and the campaign represents a political rebirth. He was first elected in 1970 and soon became known as a reformer, a man determined to right inequities wherever they appeared. Among other things, he carried legislation designed to prevent state government from mandating programs on local government that the locals had to pay for. He also advocated a unicameral Legislature and splitting California into two states.

But by 1978, with his marriage collapsing, Gregorio was disenchanted. He ran for re-election that year like a sleepwalker, hemmed in by self-imposed restrictions on the amounts and sources of campaign money that he would accept. He lost by 90 votes to Marz Garcia.

However, he returned to politics the following year and won a partial term as county supervisor and was elected to a full term in 1980. His years on the board have been very low profile — he has been the good local soldier helping his county find its way in the post-Proposition 13 wilderness, but he has not been a legislative standout.

Then, after he had been publicly declaring no interest in partisan office (he had, in fact, changed his registration from Democrat to decline-to-state), a Republican survey of the 11th Senate field showed him a strong favorite. That development caught the eye of the Senate's Democratic leadership, which had been looking for ways to add a Democrat or two to the upper house. At the moment, Democrats hold 25 seats in the 40-member chamber, two short of the two-thirds majority needed to override gubernatorial vetoes, approve money bills and otherwise firmly control proceedings.

Led by Democratic floor leader John Garamendi of Stockton, the leaders urged Gregorio to run. Negotiations began, with the leaders promising heavy financial support and Gregorio promising not to inflict any spending limits on himself. Agreement was reached and a somewhat surprised Gregorio announced his candidacy in February. "If you had told me three months ago I would be running for the Senate, I would have said you were insane," he said at the time.

Gregorio — a vegetarian, jogger and practicer of transcendental meditation — seems more at ease personally than he has in years, aided no doubt by his recent remarriage. Also, the campaign seems to have reinvigorated him, restoring a political verve that has been absent at least since 1978.

Whatever the outcome, this should be a good race.

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Vignettes from the Democratic Convention

By MICHELE WILLENS

Los Angeles Congressman Henry Waxman was desperately trying to capture the attention of an obstreperous crowd filling a large, stuffy room at the St. Francis Hotel. Finally, he got to the business at hand: informing the 300-plus California delegates to the Democratic National Convention how to get their credentials. Still laboring mightily, he — as delegation chairman — then led a debate on platform items.

And where was Fresno Congressman Tony Coelho while all this was going on? Although he, too, was a delegate to the national convention, he was at the chandeliered Gold Room of the Fairmont Hotel, nibbling melon balls from a silver goblet after back-slapping with House Speaker Tip O'Neill in a crowd of big campaign contributors. And finally, there he was hugging Walter Mondale and Geraldine Ferraro themselves as they entered the room and sat across the table from the congressman from central California.

The contrast that day between California's two most powerful Congressmen was very much duplicated all week at the Democrats' gathering. Right up to its final moments, in fact, when Waxman was on the floor of the Moscone Center trying one last time to organize his unwieldy delegation. Where was Coelho? Up on the platform angling his way forward, landing in the picture behind the coed presidential ticket.

San Francisco offered a perfect opportunity to witness the opposite styles and agendas of Waxman and Coelho — and how the latter keeps managing to upstage the former. While Waxman had landed the presumably plum role of chairman of the largest delegation, Coelho used his relationships with Walter Mondale and Chuck Manatt, and his position as chief fund-raiser for congressional candidates, to garner national attention and additional clout.

"He put it all together," is how Mike Steed, assistant to Manatt, described Coelho's role in saving Manatt's job as head of the Democratic National Committee. The tireless Coelho brought Manatt together with key Mondale operatives at his (Coelho's) suite at the Fairmont, where he negotiated all night until everyone was happy.

The next day, at a jammed press conference, there sat Manatt, Bert Lance, Jim Johnson (Mondale's top aide) and Tony Coelho. For the rest of the week, Coelho played cheerleader-concierge to members of Congress, hosting fund-raisers such as the one which featured Mondale and Ferraro.

Meanwhile, back at the delegation, Waxman was being asked to settle such important issues as whether there should be a Chinese dragon parade for Mondale on the convention floor. Some Asian delegates wanted it; others did not. Waxman's artful decision: let the Mondale people decide. The national limelight hit him only once, at the moment of the vote. "California, the future retirement home of Ronald Reagan . . ." he declared to applause.

Although Coelho and Waxman deny any outright feud, neither shows much care or trust in the other. During the convention week they got together only for a private meeting of California's top Democrats to plan a fight against Governor George Deukmejian's reapportionment initiative on the November ballot. "There was tension in the room," says Assembly floor leader Mike Roos. "I mean, it's no secret there's no great love affair there."

All of which would mean relatively little if it weren't for the fact that Coelho is looking for a spot in the House leadership and doesn't want to go the way of the late Phil Burton. Burton, it will be recalled, tried for majority leader in 1976 and lost by one vote. Although there were many reasons for his defeat, one of the more important seemed to be that he couldn't unify his own delegation behind him.

Michele Willens is a freelance writer living in New York.

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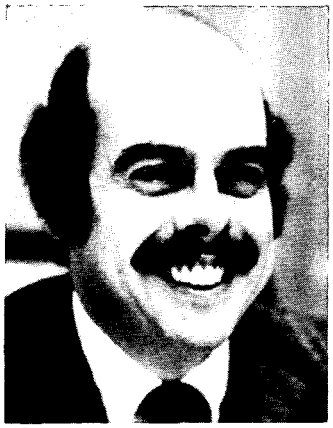

WAXMAN

COELHO

Coelho is seen as a comer not so much because of his politics, which are less defined and less liberal than Waxman's, but his politicking. In his freshman term, Coelho sniffed potential in a virtually dormant entity called the Democratic Congressional Campaign Committee (DCCC) which is responsible for raising money to help Democrats attain and retain seats in the House. B.C. (before Coelho), it had raised a high of $1.8 million a year, largely through one annual dinner.

This 1983-84 season, Coelho will raise $11 million. He's turned it into a business by instituting direct mail, by creating a center that makes commercials, and by taking influential House members on the road to meet with potential contributors.

His aggressive, self-promoting style (there were groans when progress reports of his activities poured into congressional offices) has turned off some members. And some worry that his hyper fund-raising is bound to have strings attached, particularly when people give money upon meeting an O'Neill, Majority Leader Jim Wright or the chairman of Ways and Means.

Coelho insists, "I've never promised any contributor anything. I only promise them an ear if they have a problem. I do feel there are a lot of people who'd like to give and would prefer to do it with Tip watching."

Waxman is among those who grudgingly concede Coelho has done wonders at the DCCC, but also is queasy about the possible price involved. He says the money he (Waxman) raises for Democrats is more focused: "I feel when I ask people for money, they are very clear where it is going. I'm so closely associated with issues like health and clean air and support for Israel. I don't think Coelho is identified with any particular legislation and I worry, when your chief objective is the money, if you become too sensitized to what the contributors want."

Coelho's activities may not have endeared him to Waxman and his substantial, loyal bloc of the California delegation (Howard Berman, Mel Levine, Marty Martinez, Esteban Torres, Rick Lehman), but they have brought him very close to the leadership triumvirate of the House, physically as well as mentally. At one point, Coelho threatened to quit his DCCC post if he wasn't given a formal role in leadership strategy and policy sessions. Because of his tightness with O'Neill, Wright and Whip Tom Foley — and the number of House members relying on him for some financial help — Coelho enjoys at least the perception of astonishing power for one so new and relatively undistinguished legislatively. And, as he says, "In this business, the perception of power *is* power."

His next logical step could come as early as the 1985-86 term when O'Neill is expected to leave, meaning Wright and Foley will likely go up and Coelho could move into a position as whip. If he has the united backing of his own delegation, considered (even by him) an emotional necessity.

"I firmly believe California deserves one of the top three spots," he says, "and I'd love to be whip. Tip was chairman of the DCCC and then whip and he's told me it's a natural progression. At the time Phil Burton died, he and I became close friends and he wanted me to agree that in the future, whoever went for a leadership post should have the whole delegation behind him."

Waxman and others who were close to Burton dismiss that statement, saying Burton disdained Coelho, based not only on Coelho's moderate politics, but on his previous job as aide to Congressman B. F. Sisk, a Burton foe and backer of Jim Wright over Burton for majority leader.

The key question is whether Waxman and Company would not unite behind Coelho even though he might offer California its best hope of a leadership voice in the House. Coelho takes an optimistic view: "Henry and I have agreed that any feud between us would be counterproductive and he's told me he's supporting me for one of the leadership positions."

But Waxman insists he's never said he would support Coelho and in fact admits the possibility he won't. "We'll have to look at the leadership picture when Tip leaves. We'll probably have Wright and Foley — neither real liberals — and if we choose Coelho, there's no voice in the councils of leadership saying, 'What about the basic Democratic programs of the liberal agenda?' It may be an ideological decision rather than just going for a leadership position for California."

As further proof of his supposedly problem-free relationship with Waxman, Coelho points to a recent fund-raiser which Jack Mayesh, a long-time associate of Waxman and Berman, conducted for Coelho. "If I had a problem with those guys, I assume he wouldn't be doing that," Coelho notes.

Mayesh, in fact, only assisted his boss, a bank official

CAPITOL REVIEW *Continued from page 331*

water and whether it would have been of good quality.

Senator Joe Montoya, also of Los Angeles, conceded that politics was involved with his vote. He said he favors water development but sees nothing wrong with forcing Deukmejian to take the political consequences two years hence for his particular plan. For his own part, said Montoya, he wasn't sure that agribusiness wasn't getting too much from the governor's bill.

That politics was involved is hardly a surprise, and along those lines Ruben Ayala has a story to tell. Back in 1977, when he carried his first peripheral-canal bill, he was done-in by another block of Southern California senators with a political axe to grind. According to Ayala, they didn't want then-Governor Jerry Brown to get credit for water development and voted down Ayala's bill. Among them was the senator from Long Beach, one George Deukmejian.

— — —

Last month, in describing recent growth in the Legislature's budget, I confidently declared that an increase from $72.8 million to $143.2 million is a rise of nearly 200 percent. As several readers have pointed out, I was only 100 percent wrong. It's a gain of less than 100 percent. That's still a remarkable increase and doesn't much affect the point I was making then. But it would have been nice to have done it right the first time.

Robert Fairbanks

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with a personal interest in epilepsy (Coelho is an epileptic and very involved with the cause) in putting on the long-planned fund-raiser. Although Mayesh says he has no problem with Coelho, "the event in no way indicates some kind of marriage between Coelho and Waxman."

No marriage, no divorce, not even a separation — at least not yet. It didn't happen in San Francisco where Waxman didn't lose anything but where Coelho, with his Manatt magic tricks and his ability to get to the right places at the right times, clearly gained.

Other Winners/Losers of the Convention

How did other Californians fare in San Francisco?

WINNER: Surely Chuck Manatt heads the list, going from a national nobody to a cult figure in one long — almost lost — weekend. Even California contributors not particularly close to Manatt, like Walter Shorenstein, threatened to withhold contributions unless Manatt was reinstated.

LOSER: Manatt's law partner, Mickey Kantor, was put in a sticky position all season, being close to Manatt and heading up Mondale's California operation. Mondale people leaned on him when they were unhappy (which was often) with Manatt's choosing to raise DNC money for its own purposes rather than presidential politics. And at the convention Kantor got caught between them again as Mondale tried to force out Manatt. Kantor tried to help in the easing-out, but finally extricated himself from the affair, bruising Manatt badly, according to Manatt's closest aides. Kantor's standing with the Mondale team is also up in the air since he didn't deliver the state in June.

WINNER: One who indicated Kantor may no longer be in Mondale's innermost circle is Duane Garrett, the campaign's national co-chair. Garrett's standing remains intact, and if you ever wondered what you might get in return for a solid performance of raising money for your candidate . . . just look at who popped up in prime time amid the likes of Walter Mondale, Geraldine Ferraro and Ted Kennedy for the enviable task of introducing Kennedy. Duane Garrett! Garrett denies he asked for the job . . . "I'm close to Ted and Walter and they both say it was the other one's idea" — but no one much believes him.

LOSER: Willie Brown. The man who became a national star at the '72 convention with his call to "give me back my delegation" galled many members of the California delegation when he tried to get it this time. At the post-primary delegation convention June 16th, Brown allowed himself to be nominated for delegation chairman after waffling all year: maybe Hart, maybe Mondale and finally voting for no one. Even Brown's "Oh What A Night" bash turned out to be a bomb.

WINNERS: Tom Bradley and Dianne Feinstein. Though neither mayor got the VP nod, their very consideration catapulted them into the national arena and both capitalized on that. Feinstein was everywhere and proved a vivacious hostess. Pat Brown was among those praising the mayor, saying she could make a run for governor. Bradley also did more than just the customary shmoozing, addressing the New York and Pennsylvania delegations in serious efforts to create unity. He accompanied Mondale and Ferraro at their first appearance in the city and made a touching and commanding speech in nominating Mondale at the Moscone Center.

Winner for Being a Good Loser

John Emerson, the latest politico to emerge from Chuck Manatt's Los Angeles law firm, learned a lot in his first major role in a presidential campaign — including what it feels like to get "big footed" by a better known, less committed figure. After working tirelessly as head of Gary Hart's California operation for a year and a half, and getting elected chairman of the California delegation, Emerson was asked by the top Hart people to hand over that post to the state's best-known legislator and recent Hart supporter, Henry Waxman. Emerson insists he had no problem with doing that and says, "I supported the decision, and Henry and I worked well together at the convention." Emerson emerged as a well-liked and very able spokesman for Hart in California. He went sailing with Hart right after the convention and says he plans to do it all again in 1988.

PHOTO BY JOHN PALMER

Other Memorable Moments

Even conventions which make no news produce their share of memorable moments: There was Tom Hayden singing "Glory Hallelujah" and waving the American flag; there was Warren Beatty whispering sweetly in co-delegate Gloria Allred's ear.

There was usually-benign Alan Cranston aggressively leaping atop a chair as the national cameras engulfed California for their final vote; there was first-time delegate and high-tech whiz Steve Wozniak sitting in Moscone Center with his computer on his lap and walkman in his ear. (No, he wasn't listening to Mario Cuomo's greatest speeches!)

There was Los Angeles City Councilman Zev Yaroslavsky saying his greatest achievement of the week was not gaining weight; Mike Roos being asked if he was always a Mondale delegate:

"Yes."
"You were?"
"Yes."
"Really?"
"Well, no."

And Finally . . .

The Democrats left San Francisco with good feelings but will the ticket ever come back? Duane Garrett insists California will be targeted but just about everyone else says it will be used only as a money export state, unless it can be proved Ferraro makes *that* much difference.

"They won't put a cent in here," said David Mixner, a top Hart operative who ended the convention by offering to bring in as many Hart people as possible, if necessary. Their whereabouts and futures are worth watching, since a dazzling and relatively new young group of Venture Democrats participated in Gary Hart's effort in California and performed brilliantly. They say they are already meeting and organizing and hope to form some kind of network for future Democratic races.

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Touched by a major scandal, Roger Hedgecock fights for survival

By BARRY M. HORSTMAN

Perhaps the most surprising thing about this fall's mayoral race in San Diego is that there is a race at all. Early this year, virtually all local political observers regarded Mayor Roger Hedgecock as a dead-certain bet for reelection. Since winning a special May 1983 race to succeed newly-elected Senator Pete Wilson, Hedgecock's considerable accomplishments, combined with the vigor and enthusiasm he brought to the job, had raised his public-approval ratings to such heights that the mayoral campaign appeared to be little more than a formality.

"It was looking more like a coronation than an election," says City Councilman Bill Cleator, one of 19 candidates that then-County Supervisor Hedgecock defeated in 1983. "Roger was on the kind of roll that most politicians can only dream about."

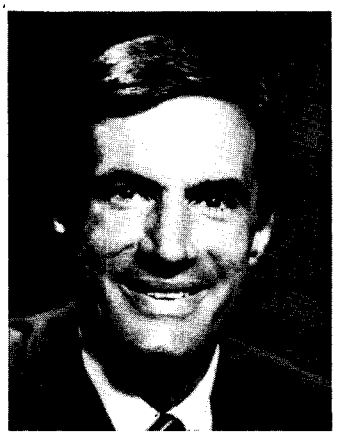
But those halcyon days were before the 38-year-old mayor became linked with San Diego's scandal-of-the-year: the collapse last spring of J. David Dominelli's financial empire and the disappearance of millions of dollars put up by wealthy San Diegans and other investors. Hedgecock's connection with the scandal is cited as the reason he failed to get the majority needed to win reelection outright in the June primary. Instead, Hedgecock faces a potentially expensive November run-off against political neophyte Dick Carlson, a millionaire businessman and former local television newscaster.

A scrappy, streetwise, maverick Republican not unaccustomed to controversy, Hedgecock remains the favorite in his bid for a full four-year term. However, even some of his closest strategists privately hedge their bets pending the outcome of investigations into Hedgecock's finances by the Fair Political Practices Commission and the San Diego County Grand Jury. Due this fall, the investigation could produce anything from an indictment to a slap on the wrist.

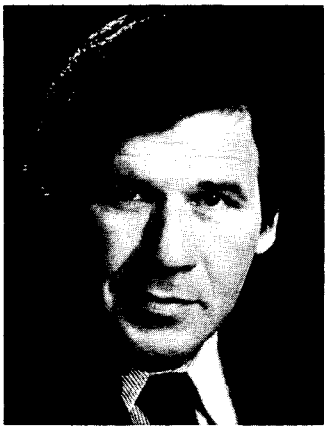
Even many of Hedgecock's detractors concede that he's compiled an impressive legislative record during his 16 months at city hall. His scorecard includes a successful lobbying effort for state and federal funds to expand the San Diego Trolley, winning council approval of a tightened growth-management plan and initiation of preliminary steps toward development of Otay Mesa — a huge undeveloped region in the city's southern half — regarded as San Diego's industrial frontier.

Hedgecock's crowning accomplishment, however, was a successful crusade for voter approval of a downtown convention center — a proposal that San Diegans had rejected a half-dozen times during the past three decades. The mayor's effectiveness as point-man in that campaign led to a rapprochement with many business leaders who previously regarded him as anti-growth.

That record was intimidating enough to keep most potentially strong candidates on the sidelines. However, the Dominelli controversy surfaced only days before a March 8th filing deadline for the mayoral race, prompting Carlson's entry. "Before his finances became an issue, Roger appeared so politically inviolate that, unless you were Don Quixotish . . . it seemed senseless to enter the race," says Carlson, co-owner of a cabinet-manufacturing firm and husband of an heiress to the Swanson frozen-food fortune.



HEDGECOCK



CARLSON

"However, Roger's actions have, I believe, given this city's image a black eye," Carlson adds. "I felt it was important that people have an alternative." In the primary, Hedgecock and Carlson finished one-two (47 percent to 38 percent), with seven minor candidates trailing far behind.

The acorn that sprouted the oak of Hedgecock's political problems was his revelation that in 1983 he received a $130,000 loan via an oral agreement from his friend Nancy Hoover, an executive of Dominelli's bankrupt investment firm, J. David & Co. Hedgecock used the loan — since repaid with interest — to renovate his home and argued that it and related transactions would have received little notice "if it hadn't got caught up in the J. David soap opera." The mayor concedes, however, that his failure to execute the loan "in a normal businesslike manner, with a written agreement, was a mistake."

Some Hedgecock confidants also suggest that the episode says something about the mayor's character and ambitions. Hedgecock has, they say, two major goals in life: the power and glory of political office, and accumulating wealth.

Toward the second, Hedgecock acquired his first piece of property as a teenager and, despite a modest public salary over the past eight years, has amassed a comfortable portfolio. In addition to his elegantly refurbished home, he owns several condominiums and rental properties. Several of the mayor's friends say they have cautioned Hedgecock that such upward mobility could mean political problems, because in politics, perception counts as much as reality.

"I wouldn't say it's a case of me wanting it all at once," Hedgecock replies. "Of course, I want a nice house and comfortable life for my wife and kids, but who doesn't? I'm willing to make financial sacrifices for the privilege of

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being in public office, but being a politician doesn't mean that you have to take a vow of poverty."

Although Hedgecock insists there is nothing improper about the loan from Hoover, it brought to light other embarrassing details about the mayor's finances: a $5000 cash deposit to a J. David account from what Hedgecock described as a "large cash reserve" normally kept at home; and his continued receipt of unwarranted interest payments from a promissory note after the note was sold to Hoover.

The political contretemps was exacerbated by Hedgecock's combative attitude as the story was breaking, and by the inconsistencies and inaccuracies in his initial explanations. Hoping to quell the controversy, an uncharacteristically contrite Hedgecock later mailed letters to over 100,000 households apologizing for "mistakes and poor judgement."

The revelations ultimately forced Hedgecock to amend earlier financial-disclosure statements in order to correct omissions or errors. They also prompted the investigations by the FPPC and the San Diego DA, Edwin Miller Jr.

Miller, a longtime Hedgecock foe, has filed suit against the mayor and his political consultant, Tom Shepard, accusing them of accepting and concealing over $300,000 in illegal campaign contributions from Hoover and Dominelli. Shepard argues that the money was a simple business investment, not, as Miller has charged, an effort to circumvent the city's $250-per-person contribution limit.

The controversy has hampered Hedgecock's fund-raising ability and caused a strong us-versus-them mentality in the mayor's camp. The way Hedgecock sees it, Miller, certain FPPC officials, some of his vanquished 1983 opponents, members of the city's old-line Republican establishment and the Copley-owned San Diego *Union* and *Tribune* are all against him and want him out of city hall.

"They want to go back to the days when a handful of old establishment types could call the shots in this city, Hedgecock says. "They're threatened by the broad-based coalition I brought to city hall."

Carlson

Carlson, meanwhile, is a former bank executive with close ties to many of the establishment figures to whom Hedgecock is anathema. Although the jocular, gregarious businessman portrays himself as a moderate Republican, Carlson is widely perceived as a conservative who would bolster pro-development forces on the council. That philosophical gap between Carlson and Hedgecock, a staunch environmentalist, represents perhaps the major policy difference between the two candidates, who hold similar views on most citywide issues.

An engaging raconteur with a brisk, modulated speaking style (traceable to his days as a newscaster), the 43-year-old Carlson faces political liabilities of his own — in particular, lack of experience in elective office, his wealth and hints of elitism it conjures up. Carlson, who unsuccessfully sought appointment to Hedgecock's old supervisorial seat, has attempted to deflect criticism on both fronts by pointing to his own humble, Dickensian beginnings and diverse business background.

Born out of wedlock to two teenagers near Boston, Carlson was almost immediately placed in an orphanage called the Home for Little Wanderers. At age two, he was adopted by the Carlsons. Ten years later, his adoptive father, a wool broker, died.

After a brief Marine Corps stint as a medical corpsman, Carlson launched a career in journalism, starting as a copy boy for *The Los Angeles Times*. A newspaper reporter in San Francisco and Sacramento in the early 1960s, he later reported for television stations in San Francisco, Los Angeles and San Diego. In 1969 he co-authored a controversial story in *Look Magazine* that linked then-San Francisco Mayor Joseph Alioto to organized-crime leaders. Alioto sued the magazine for libel and ultimately was awarded a $350,000 settlement. Carlson stands by the story, arguing that Alioto won the judgment primarily because several sources refused to testify and others had died. But Hedgecock suggests that the case raises questions about Carlson's ethics and integrity.

Carlson left journalism in the late 1970s to join San Diego Federal Savings & Loan as director of public and corporate affairs and later as vice president for finance. In 1983 he left the bank to start the cabinet-manufacturing firm with Karon Luce — wife of San Diego Federal President Gordon Luce, a member of President Reagan's "kitchen cabinet."

"The same traits I developed in business — judgment, bringing people together — would serve me well as mayor," Carlson says. Noting that San Diego operates under a council-city manager form of government, Carlson describes the mayor's role as "basically one of nine (council) votes" and says the job "isn't as difficult and complex as Roger makes it out to be."

"I'm not sure that being a bureaucrat for the past eight years, as he has, would make me any more qualified," Carlson adds.

Disdain

Hedgecock, though, scarcely contains his disdain for what he calls Carlson's "total lack of qualifications." Throughout the campaign, the mayor has been quick to pounce on his challenger's occasional misstatements and admissions of unfamiliarity with specifics of certain issues as evidence to support that charge.

A skilled debater, Hedgecock says he plans to debate Carlson "every chance I get" this fall. "I think the picture that will get through to the public is, here's a rich guy who thinks it would be fun to be mayor," Hedgecock says.

Carlson and wife, the former Patricia Swanson, have extensive stock and property holdings worth millions of dollars. At the outset of the race, Carlson pledged not to ladle his personal fortune into the campaign, a pledge that came back to haunt him when he spent $209,000 of his own money in the primary. Each candidate spent about $300,000 in June and each expects to spend slightly less this fall.

While concerned about the pending local and state investigations, Hedgecock's confidence was bolstered in late July when the *San Diego Union* retracted several stories that had raised damaging allegations against him. Last spring, the *Union* alleged that the grand jury was investigating charges that Hedgecock controlled large cash funds in bank accounts and that the mayor had secretly sold his house to Hoover. Admitting the stories were false, the paper printed its retractions on page one.

Hedgecock argues that the retractions "eliminated the biggest clouds" hanging over him and believes it shows that much of the controversy surrounding his finances is "nothing but unsubstantiated innuendo and rumor." Carlson, though, notes that the *Union's* retraction dealt with "only several of many questions" raised about the mayor's finances.

"Until we see what the FPPC and the grand jury do, it's a little premature for Roger to begin celebrating," Carlson said. "All the cards aren't on the table yet."

Hedgecock, however, professes confidence that the probes will turn up only "minor, technical errors" on his financial disclosure forms. "The point is, there are many people who would love to get me out of the mayor's office," Hedgecock said. "But they're not going to do it in the election, and they're not going to do it in the courtroom, either."

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CONFESSIONS OF AN ANONYMOUS GERRYMANDERER

Reapportionment is with us again. You thought you'd heard the last of it a year ago, but no such luck. Governor Deukmejian's commission proposal is on the November ballot, so you can't escape.

Everyone associates the word "reapportionment" with the word "gerrymander," which means, of course, to draw the lines of a legislative district for one's own benefit. For some reason, this is thought to be dreadful. But it is really a wonderfully vital part of politics that was invented at about the time of the French Revolution to do for the American scene what the guillotine was doing for the French: rid the Republic of unwanted politicians.

The art of gerrymandering begins by understanding that big populations, like the 24 million residents of California, divide themselves into defineable groups, each of which tends to vote along particular lines. For voting purposes, these large populations are divided into smaller units known as "precincts." These are the building blocks of reapportionment and in California number about 25,000.

So-called "good-government" reapportionment combines precincts into nice, compact districts following existing community lines. But that may mean unstable elections with hard-to-predict results. Gerrymandering means putting those precincts together to win the election before the votes are cast. For the aesthetically minded, a gerrymandered district is often objectionable because of its odd or silly shape. But remember, those silly shapes exist for a purpose: to reelect the incumbents who drew them.

Every California precinct falls into one of four rough categeories: Republican, conservative Democrat (which often votes Republican), liberal white Democrat and minority Democrat. Put them together correctly and you will never lose an election.

First, Republicans. They are diligent voters and loyal. So gerrymandering is easy in Republican areas. If a district has more than 40 percent Republican registrants, it will almost always return a Republican because they vote in higher percentages than Democrats and are more loyal to party nominees.

If you want to reduce the number of Republicans in a legislative body, just combine a lot of heavily Republican precincts, usually the suburbs, into a few districts. You'll end up with happy Republican officeholders who win reelection in a landslide, but not too many of them.

Reapportionment skills are honed today in the treatment of Democratic precincts where the greater variety of voting patterns creates more of a challenge. For instance, the experienced gerrymanderer knows not to allow the nomination of a minority Democrat in a white, working-class district. Disloyal Democrats will combine with Republicans to defeat him in the fall. So minority districts must be put together with just the right types of Democrats or trouble will result.

This was precisely how the great master of the California gerrymander, Congressman Phil Burton, choreographed his artistry in 1981. There was no magic about Burton's methods. He insisted on complete control over the process and absolute secrecy, both necessary because certain greedy incumbents had to be restrained lest their desires in one area upset his plans for another. Districts must be equally populated, therefore one balances against another, and often voters must be rippled from district to district.

Hispanics

For instance, Burton had a grudge against Jim Lloyd, a former congressman who had made the mistake of crossing Burton. Lloyd wanted back in Congress and could have succeeded except that Burton had promised to draw a third Los Angeles Hispanic seat in his old area. Thus, the 34th District in East Los Angeles was created so that Lloyd could not win the Democratic primary but a Republican could not win in the fall. A relatively unknown Hispanic, Esteban Torres, went on to win the seat, exactly as Burton had promised. Burton had mixed just the right number of Hispanics, loyal Democrats and Republicans to make it impossible for a strong Anglo Democrat to win the primary and for an Hispanic Democrat to lose the general.

Generally, Hispanics don't vote as heavily as Anglos. Thus the mix to elect a Hispanic must be greater than, say, to elect a black. A black will win any district in California that is more than 45 percent black — and all such districts have black representatives. But not even 55 percent Hispanic will do unless they are middle class Hispanics who vote more heavily.

Gerrymandering has done wonders for Jewish representation, especially in Congress, where the bagel boroughs have been carefully watched over by Congressman Henry Waxman who, as chairman of the Assembly Elections and Reapportionment Committee in 1971, handled the Democratic gerrymander of that year.

Jewish voters are loyal, heavy turnout Democrats. While a Jesse Jackson may frighten them away from the Democratic ticket nationally, they have not failed to return big Democratic margins for state office. Thus their precincts can easily be spread about with some assurance of the desired electoral result. That's how two Jewish Democratic congressional districts in 1980 became four in 1982.

Precincts can be manipulated to favor one particular Democrat over another. Phil Burton was not close to his East Bay colleague, Congressman Ron Dellums, so Dellums' district, while still heavily black, doesn't have the new black growth areas which tend to be more supportive of Dellums' radical-chic style. They went to his southern colleague, Congressman Pete Stark who, Burton figured, needed them more. Thus, it is conceivable that the older, more conservative black precincts will tire of Dellums, and thus in some future primary oust him for a black Democrat more in keeping with their style. So even though the master cartographer is now dead, his fine handiwork may determine election results in 1986, 1988 and beyond, assuming his districts remain in place.

Perhaps with Burton gone, such vivid gerrymandering will cease — but probably not. Gerrymandering is a part of the human condition in politics.

The author, an old hand at reapportionment, would like to continue in his job.

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(A summary of events during the preceding 30 days.)

A SIXTH BOND ISSUE

(July 18th): Governor George Deukmejian signed the sixth and final bond measure for November's ballot. Listed as Proposition 30, it authorizes up to $50 million worth of bonds to finance local senior-citizen centers and programs. The other five bond measures, signed July 11th, are for clean water, school construction, Cal-Vet loans, toxic-waste-site clean up and sewer projects.

RICHARDSON INITIATIVE FAILS

(July 23rd): Sponsors of a constitutional amendment to limit gun-control — including GOP state Senator H. L. Richardson — fell 150,000 signatures short of qualifying their measure for the November ballot. In November 1982 conservatives and gun owners had rallied behind Richardson to defeat a gun-control measure (Proposition 15). Proponents said this year's effort went down because it was difficult to generate support without the kind of threat posed by Prop 15.

CAMPAIGN REFORM

(July 24th): The Fair Political Practices Commission announced that it, too, will sponsor a campaign-finance-reform bill. Two other measures were pending in the Legislature and FPPC chairman Dan Stanford said the FPPC bill could be a compromise. Whatever the Legislature does in this regard may count for little, though, if voters in November approve Proposition 40 — the draconian finance-reform sponsored by GOP Assemblyman Ross Johnson.

NEW ALRB CHIEF

(July 25th): Governor George Deukmejian appointed a Los Angeles labor lawyer to chair the state Agricultural Labor Relations Board. Jyrl Ann James-Massengale, 30, replaces former state Senator Al Song, named last month to the state Occupational Safety and Health Appeals Board. The United Farm Workers said it would fight the appointment because James-Massengale has frequently represented growers before the board. Her appointment is Deukmejian's first, although he earlier reappointed Jerry Brown-appointee John McCarthy. If confirmed by the Senate, James-Massengale would be the first woman and first black to serve on the ALRB.

LOCAL CONTROL OVER AERIAL SPRAYING

(July 26th): By a 4-3 vote, the state Supreme Court opened the door for local control over herbicide and pesticide use by ruling that a Mendocino County ban on aerial spraying of certain herbicides took precedent over a state law that allowed their use. Environmentalists hailed the decision, while opponents claimed that the Court has jeopardized state efforts to coordinate eradication programs like that used against the medfly in 1981 and 1982. Timber interests are expected to appeal to the U.S. Supreme Court.

DUKE TO NOMINATE BUSH

(August 6th): Governor George Deukmejian, already touted as presidential timber in 1988, will nominate Vice President George Bush during the Republican convention in Dallas, a GOP spokesman announced. The governor will speak August 22nd, the convention's third night. Deukmejian is co-chairman of the Reagan-Bush reelection campaign in California.

DEATH PENALTY CURBS EXTENDED

(August 6th): In a unanimous decision that has muddied the fate of perhaps 200 convicted murderers, the state Supreme Court retroactively applied a 1983 decision — requiring proof of "intent to kill" before sentencing defendants to death or life-without-parole — to all murder trials since November 1978. The 1983 ruling came in a case involving the driver of a getaway car who was sentenced to life-without-parole after a clerk was killed by someone else during a robbery. There was no estimate how many convictions may have to be retried.

THE GOVERNOR'S WATER PLAN DIES

(August 6th): Governor George Deukmejian suffered a major legislative defeat when sponsors of his controversial water plan announced they would no longer push it through this session of the Legislature. The governor wanted lawmakers to place the plan before voters this November, but Senate President pro Tem David Roberti, a Southern California Democrat, said that would not give opponents sufficient time to campaign. He wanted a vote in 1986, when Deukmejian would be seeking re-election. The plan, which called for moving 630,000 acre-feet of Northern California water south through Delta channels, had been opposed by many Northern legislators as well as major environmental groups. The plan's chief legislative author — Democratic Senator Ruben Ayala of Chino — voted to reintroduce another plan as soon as possible.

A NEW GANN INITIATIVE

(August 13th): Paul Gann announced that he will push for a constitutional amendment to return the Legislature to part-time status. (The Legislature was part-time until 1966 when a voter-approved constitutional amendment created year-around annual sessions.) Gann's latest would also limit legislators to eight years in office and make it a felony for them to not implement a successful ballot initiative. The latter responds to the legislature's failure thus far to implement all provisions of Gann's Prop 24 — passed by voters in June to cut the legislature's budget and reduce the power of the majority party. The part-time proposal was immediately assailed by the Legislature's Democratic leadership, while Republicans expressed general agreement with the concept but reserved judgement on specifics.

TOXIC-FUND VETO SURVIVES

(August 14th): Democrats failed to override Governor Deukmejian's veto of $7 million from the Legislature's 1984-85 budget to protect drinking water and clean up toxic wastes. Only five Republicans joined 44 Democrats to favor the override, leaving proponents five votes short of a required two-thirds majority. According to Republicans, the override attempt was an election-year ploy to embarrass them by making it seem as though they voted against toxic clean-up. Democrats disagreed, saying the money was needed to fund toxic programs.

A. G. Block

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Rostrum

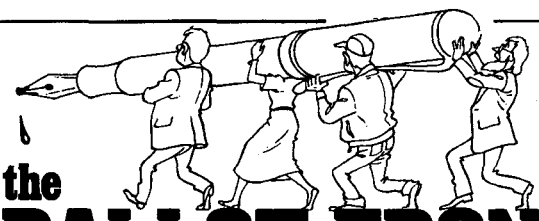
Highways

"The Gasoline Tax" article by Adriana Gianturco (*CJ*, July 1984) was interesting but brought back some unpleasant memories of her tenure at the Department of Transportation. While on a recent trip to London I could not help but think of the arrogance she and Jerry Brown showed toward the driving public when a major incident occurred involving the Greater London Council. The GLC changed a traffic pattern causing major traffic delays. Despite complaints from fuming motorists and the media, the executive involved said, in effect, that people shouldn't drive into London but should leave their cars home. The words could have been those of Adriana in her heyday with the Santa Monica Freeway "diamond-lane" fiasco. I'm not certain of how London worked it out, but Parliament was considering a bill to take over control of those highways from the GLC. Our broken freeways of today are a legacy from Adriana and Governor Brown.

CLIFF DEKTAR
North Hollywood

The genesis of my apoplectic rage against Adriana Gianturco stems from the way she handled U.S. Highway 580 from Castro Valley to Dublin. I was forced to traverse this particular section of horrible highway once a week on trips to Stockton. Aside from failing to ever do any significant repairs on the narrow "washboard" between Castro Valley and the beginning of the eight-lane freeway east of Castro Valley, Ms. Gianturco was the person who installed steel pipes and cut this magnificent new eight-lane freeway down to a congested "bumper-to-bumper" four-lane freeway with dual center diamond lanes to accommodate about ten busses each day! Far more significant, in spite of all the protests from thousands of users of this particular stretch of highway, she made no effort to ameliorate the problem. Another four years of Gianturco and our highway system would have been in a state of total collapse!

W.F. O'KEEFFE, SR.
San Francisco



the BALLOT FRONT

A roundup of statewide initiative proposals. All statutes require 393,835 valid signatures; constitutional amendments require 630,136. The date in parentheses is the deadline for sponsors to submit signatures to county clerks. The Journal *issue listed in parentheses is where a more complete explanation of each initiative may be found.*

Continuing in circulation:

- **COMMUNITY COLLEGE FUNDING** — Constitutional amendment (September 11th — *CJ* June 1984)
- **FEDERAL INITIATIVE PROCESS** — statute (September 17th, *CJ* June 1984)

Initiatives qualified for the November ballot:

- **Proposition 35: BALANCED FEDERAL BUDGET** — an initiative statute, sponsored by Lewis Uhler, that requires the Legislature to send Congress a resolution calling for a constitutional amendment to balance the federal budget.
- **Proposition 36: TAXATION** — an initiative Constitutional amendment, sponsored by Howard Jarvis, that amends Proposition 13 of 1978 to close loopholes Jarvis claims have been opened by the courts and others.
- **Proposition 37: LOTTERY: FUNDS FOR PUBLIC EDUCATION** — a Constitutional amendment, sponsored by Barry Fadem on behalf of Scientific Games, Inc., that establishes a state lottery where 34 percent of all revenues must be used for public education.
- **Proposition 38: ENGLISH-ONLY VOTING MATERIALS** — an initiative statute, sponsored by Stanley Diamond of San Francisco, that requires the governor to write the president urging that federal law be amended to specify that all voting materials be printed only in English.
- **Proposition 39: REAPPORTIONMENT COMMISSION; REAPPORTIONMENT FOR 1986** — a Constitutional amendment, sponsored by Governor George Deukmejian, that takes all reapportionment out of the hands of the Legislature and places it in the hands of a 10-member commission. The commission would reapportion for the 1986 elections.
- **Proposition 40: CAMPAIGN CONTRIBUTION LIMITATIONS** — an initiative statute, sponsored by GOP Assemblyman Ross Johnson, that limits an individual's contribution to $1000 per candidate and $250 per PAC or party; limits annual PAC contributions to $1000 per candidate; and provides that public funds be given to candidates to match unlimited personal expenditures by opponents.
- **Proposition 41: LIMITS ON WELFARE AND PUBLIC ASSISTANCE PROGRAMS** — an initiative statute, also sponsored by Assemblyman Johnson, that establishes a Public Assistance Commission and limits welfare expenditures in California to the national average, plus 10 percent.

Failed to qualify:

- **PERSONAL INCOME, BANK AND CORPORATION TAX LAWS** — an initiative statute sponsored by State Board of Equalization member Conway Collis that would have amended the state Revenue and Taxation Code to conform to federal law.
- **FIREARMS** — a Constitutional amendment sponsored by GOP state Senator H. L. Richardson that would have guaranteed the right to own, possess and use firearms. All existing statutes restricting the use of firearms would have been affected.

Source: Secretary of State March Fong Eu.

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Perspective from
WASHINGTON
By Leo Rennert

Rise and fall of Simpson-Mazzoli

While nobody is bragging openly about having drilled the final nail in the coffin of the Simpson-Mazzoli immigration-reform bill, there's a long list of candidates for the role of executioner — particularly from California. The measure, which tried to stem illegal border crossings, made many interest groups in California highly nervous. Fruit growers hooked on illegal Mexican workers feared a labor-supply cutoff. Hispanics voiced alarm about discrimination against brown-skinned people if employers were required to screen out illegals applying for jobs. Local and state officials fretted about additional welfare costs if amnesty were suddenly granted to millions of undocumented residents who've been living for years in a legal twilight zone while making minimal use of public services. Ronald Reagan and other Californians in the White House, while officially for the bill, allowed election-year politics to overwhelm it.

AS IN "MURDER ON THE ORIENT EXPRESS," the answer to who did it is: everybody — including its chief author, Republican Senator Alan Simpson of Wyoming, a genial, good-humored legislator who failed to recognize early storm signals and thought he could ram through a highly controversial bill without solid constituency behind it. As Congress took time out for the Republican Convention and Labor Day, Simpson still clung to the hope of a legislative miracle before adjournment next month. But colleagues in both houses agreed the bill was dying and, given the bitter controversy it generated, may not be revived for many years. After twice gaining easy approval in the Senate, it encountered strong resistance in the House. At the end, it ran smack into alliances made up of some strange bedfellows — Hispanic leaders linking arms with conservative opponents of amnesty for illegals already in this country; labor unions afraid of a revived bracero program of cheap foreign farmworkers making common cause with hotel and restaurant employer groups dependent on an ample, albeit illicit, supply of foreign cooks, waiters and dishwashers.

As the bill's chances dimmed, Democrats savaged it at their convention in San Francisco. The White House, also courting Hispanic votes, suddenly put up new legislative roadblocks. Those maneuvers, in turn, confirmed House Speaker Thomas P. O'Neill's suspicions of a White House double-cross. As he saw it, Reagan — while urging Congress to act — wanted the legislation to reach his desk so he could veto it in a bid for Hispanic support in November. Said Simpson: "It may be that the presidential year will bring the bill to its knees."

Both houses, in separate versions, approved key elements of the bill — legalization for millions of illegals who have been in this country for a while and otherwise have not run afoul of the law, along with penalties for employers who knowingly hire illegals in the future. In effect, this was a recognition that the Mexican border could not be sealed off and that illegal immigration can be controlled only by eliminating its basic lure — jobs. But House members piled some heavy baggage on the bill. They tacked on an amendment by Democrat Don Edwards of San Jose for full reimbursement of extra costs to local health-and-welfare agencies. The White House, after pinning a $12 billion price tag on the Edwards amendment, said it could not accept the House version. That left Simpson with the virtually impossible task of having to hurdle an end-of-session House-Senate conference and a likely Senate filibuster. To add to his woes, the House also approved an amendment by Democrat Leon Panetta of Monterey to authorize a Mexican guest-worker program for the harvesting of California's perishable crops. The amendment set off a new clamor of opposition by liberals and put Simpson even more on the defensive.

Clearly discouraged, Simpson looked at the wreckage and pinned much of the blame on the White House. He complained that Reagan's California team, influenced by big growers, left him holding the bag. "The White House has never been the greatest ally in the cause," he remarked. "My problem has always been that senior staff and advisers to the president are from California. In California, you had a hell of a lot of trouble being for immigration reform. You get whipsawed by growers, Hispanics, unions, the chamber and the whole works. Reagan himself always was supportive, but you have to wade through the California crowd before you can refurbish his interest." Staging the national conventions in San Francisco and Dallas also didn't help. "In California and Texas, that's the tall weeds on immigration," Simpson declared.

Looking beyond the bill's expected demise, he sees a rather ugly scenario — a long period of congressional inaction, more surprise raids by immigration agents on workplaces suspected of using illegal help, greater discrimination and harassment of Hispanics, whatever their legal status. Leaders of Hispanic groups, he predicts, will rue the day when they opposed the bill.

SIMPSON'S POST-MORTEM, HOWEVER, omits an important clue — his own shortcomings and mistakes. It's all very well for a senator from Wyoming, where illegal immigration touches only a few agricultural interests, to devise a grand scheme to secure the Mexican border. It's quite another matter to grasp fully the implications of the problem — and the proposed solutions — in the vast farmlands and teeming urban centers of California and the Southwest. To pass such sweeping legislation, its provisions had to be generous — broad amnesty eligibility for recent arrivals, civil rights safeguards against job discrimination and Big Brotherism, full reimbursement guarantees for state and local governments. Simpson, however, bowed to administration pressures for a cheaper and more restrictive version. That, in turn, triggered more opposition and lost him key allies. Amid all the maneuvering, he never managed to build a firm coalition in support of the bill. His only cheering section included editorial writers of major newspapers. Otherwise, it was an individual juggling act. It worked for quite a bit — but it just wasn't enough.

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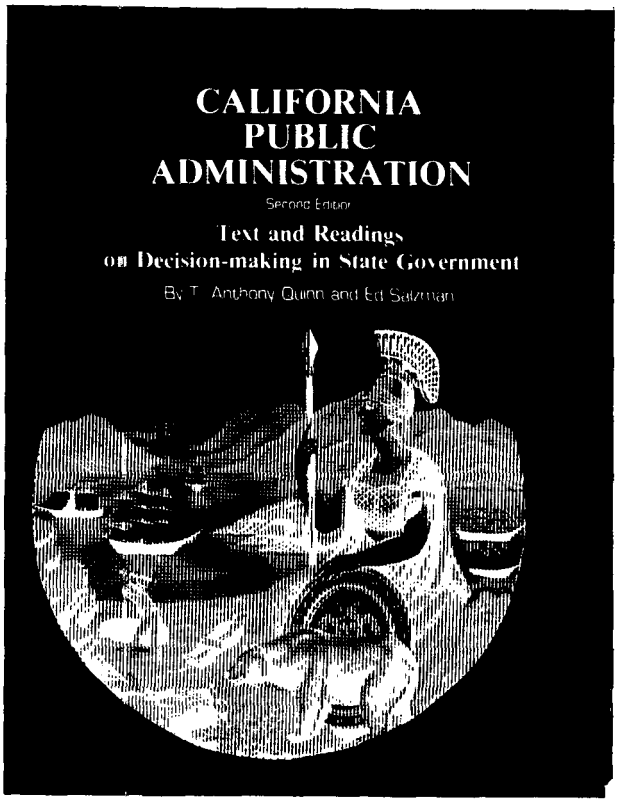

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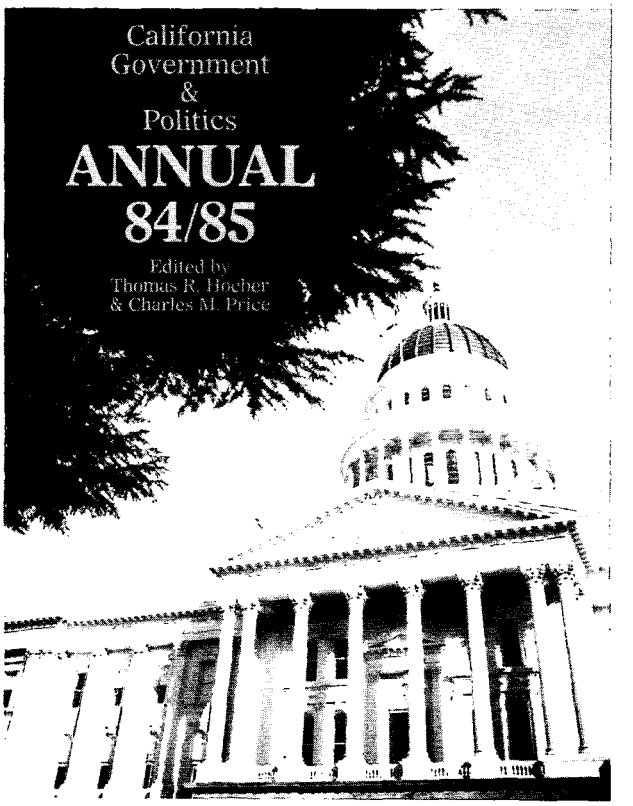

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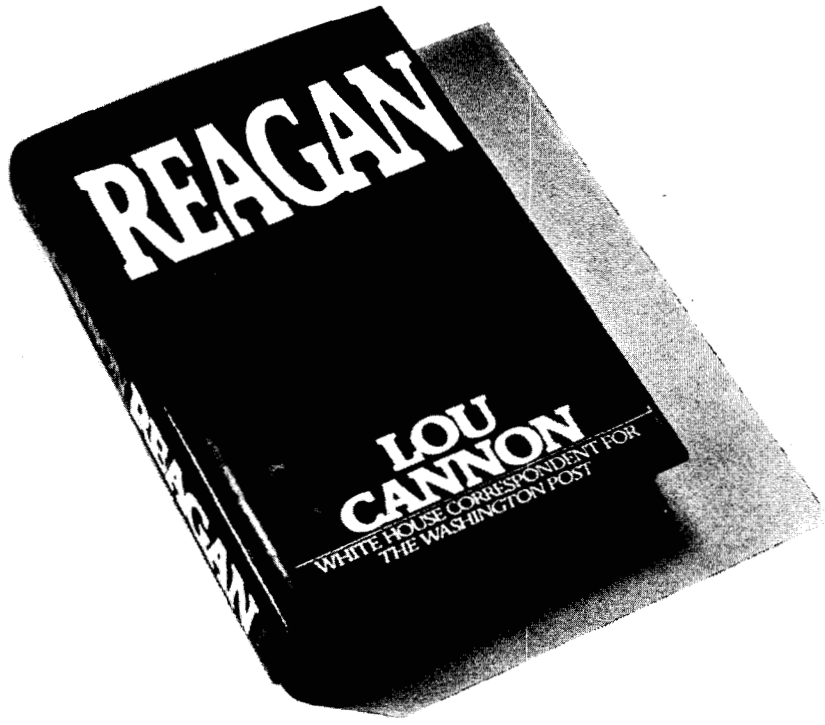

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